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EIGHTEENTH

ANNUAL REPORT

OF THE

PUBLIC TRUSTEES OF THE BOSTON ELEVATED RAILWAY

FOR THE

Year Ended December 31, 1936

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EIGHTEENTH

ANNUAL REPORT

OF THE

PUBLIC TRUSTEES OF THE BOSTON ELEVATED RAILWAY

FOR THE

Year Ended December 31, 1936

ALLIED PRINTING TRADES UNION LABEL COUNCIL BOSTON 18

BOARD OF TRUSTEES

(Appointed by the Governor of Massachusetts pursuant to Chapter 159 of the Special Acts of 1918)

HENRY I. HARRIMAN, *Chairman*

ERNEST A. JOHNSON
GEORGE B. JOHNSON
HENRY J. SMITH*
EDWARD E. WHITING

OFFICERS

(Appointed by the Trustees)

EDWARD DANA	*President and General Manager*
JOHN H. MORAN	*Vice-president and Treasurer*
MICHAEL H. CULLEN	*General Auditor*
WILLIS B. DOWNEY	*General Counsel*
MAURICE P. SPILLANE	*General Attorney*

*Henry J. Smith was appointed and qualified on January 7, 1937 to fill the unexpired term of John V. Mahoney, resigned.

REPORT OF THE BOARD OF PUBLIC TRUSTEES
OF THE
BOSTON ELEVATED RAILWAY

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Report of the Board of Public Trustees of the Boston Elevated Railway

During the calendar year 1936 the Boston Elevated Railway carried 15,778,140 more passengers than in 1935 and 28,335,237 more passengers than in 1933, the last named year being the one during which occurred the low level of riding.

The total income for 1936 was $1,169,729.01 greater than in 1935 and $1,941,782.38 greater than in 1933.

The revenue miles operated in 1936 were increased by 458,733 over 1935, and were 350,958 more than in 1933.

In 1936, as compared to 1935, there was a net increase of $101,094.17 in fixed charges which comprise taxes, dividends, subway rentals, bond interests and rent of leased roads. This increase resulted from the tax for unemployment compensation and from interest charges on account of the acquisition by the Elevated of the Chelsea and Revere lines of the Eastern Massachusetts Street Railway, both chargeable for the first time in 1936.

Operating expenses, which include wages, materials, injuries and damages, depreciation and fuel increased $744,929.40 in 1936 over 1935. Of this increase, payroll accounted for $589,306.78; injuries and damages $99,128.06; depreciation $40,643.44 and fuel $56,362.74. Materials and other items decreased $40,511.62.

Payroll increases were accounted for by wage agreement adjustments; the full effect of the 1935 act requiring one guard to each two cars on rapid transit trains; the addition of employees by reason of the acquisition by the Elevated of the Eastern Massachusetts Street Railway lines operating in Revere and Chelsea; and increases in the hours per week of employees on a short work week.

The net result was that the cost of service for the year ended December 31, 1936 exceeded income by $1,897,469.01 as compared with an excess in cost of service of $2,229,251.23 for the calendar year 1935, an improvement of $331,782.22 for 1936 compared to 1935.

The fiscal year terminates as of March 31 and a deficit assessment is determined upon the basis of the fiscal year and not of the calendar year.

The tables on the two pages following show the basic data relating to the operations of the railway from the beginning of public control to 1936, one on the basis of calendar years and the other on the basis of fiscal years.

Attention should be called to the fact that included in fixed charges as a part of subway and tunnel rentals are payments of $353,381.46 by the railway to the city of Boston last year towards sinking funds to retire the city's investment in subways and tunnels. In similar manner the Commonwealth of Massachusetts received $73,695.00 last year from the railway for the retirement of the Commonwealth's investment in the Cambridge subway. Likewise the Boston Metropolitan District received $1,041,210.84 that year

Basic Data for Period of Public Control
Calendar Years

Year Ended Dec. 31	Revenue Passengers	Revenue Miles	Receipts	Operating Expenses	Fixed Charges (See Note)	Misel. Deductions	Net Result of Operations	Oper. Exp. Per Rev. Pass. (Cents)	Fixed Charges Per Rev. Pass. (Cents)
1919 . . .	324,758,685	53,721,249	$29,498,582.82	$23,700,339.41	$7,873,683.38	$306,659.91	$2,382,099.88*	7.30¢	2.42¢
1920 . . .	335,526,561	51,359,855	34,031,636.44	25,769,122.11	8,342,668.69	267,012.88	347,167.24*	7.68	2.48
1921 . . .	337,252,080	49,804,625	33,277,025.53	22,843,056.99	9,006,357.65	256,166.02	1,171,444.87	6.77	2.67
1922 . . .	356,593,942	50,707,740	32,699,176.37	22,088,458.75	9,073,591.28	124,937.26	1,412,189.08	6.19	2.54
1923 . . .	382,149,697	54,156,064	34,096,813.26	24,130,253.41	9,189,868.68	97,059.61	679,631.56	6.31	2.40
1924 . . .	382,888,848	56,091,347	34,175,319.61	25,222,133.56	9,355,944.91	233,937.54	636,696.40*	6.59	2.44
1925 . . .	365,036,286	55,558,126	34,547,379.61	24,405,735.57	9,462,371.51	177,078.68	502,193.85	6.69	2.59
1926 . . .	371,218,401	57,943,381	35,481,313.38	26,076,268.11	9,713,154.75	174,639.64	482,749.12*	7.02	2.61
1927 . . .	366,938,908	56,834,029	35,193,410.03	25,132,332.81	9,705,521.39	132,740.34	222,815.49	6.85	2.64
1928 . . .	362,005,033	57,481,292	34,843,147.51	24,900,188.69	9,719,134.04	183,773.76	40,051.02	6.88	2.68
1929 . . .	354,214,990	56,684,985	34,096,623.03	24,024,747.23	9,871,709.99	106,093.17	94,072.64	6.78	2.78
1930 . . .	342,694,905	56,061,843	32,510,721.17	23,527,974.68	10,048,505.49	68,879.81	1,134,638.81*	6.87	2.93
1931 . . .	324,788,577	53,553,889	29,855,107.30	22,250,748.25	9,428,547.27	80,757.13	1,904,945.35*	6.85	2.90
1932 . . .	291,753,825	51,195,761	26,428,493.63	19,542,428.16	9,322,878.62	132,632.30	2,569,445.45*	6.70	3.19
1933 . . .	267,845,429	46,141,119	24,154,373.09	16,829,647.05	9,461,842.77	110,813.53	2,247,930.26*	6.28	3.53
1934 . . .	277,034,175	45,822,648	24,818,625.48	16,895,090.49	9,310,234.87	77,789.87	1,464,489.75*	6.10	3.36
1935 . . .	280,402,526	46,033,344	24,926,426.46	17,665,412.59	9,387,071.91	103,193.19	2,229,251.23*	6.30	3.35
1936 . . .	296,180,666	46,492,077	26,096,155.47	18,410,341.99	9,488,166.08	95,116.41	1,897,469.01*	6.22	3.20

* Denotes excess cost of service over receipts.

Note:—Fixed charges include subway rentals, rent of leased roads, taxes, dividends and interest on bonds.

Basic Data for Period of Public Control
Trustee Years Ended June 30 and March 31

Year Ended June 30	Revenue Passengers	Revenue Miles	Receipts	Operating Expenses	Fixed Charges (See Note)	Miscellaneous Deductions	Result of Operations (*For Losses)	Net Adj. Result of Operations Incl. Profit and Loss Items (*For Losses Assessed)
1919	331,348,124	53,569,606	$25,225,575.63	$22,362,171.97	$7,560,212.67	$716,611.21	$5,413,420.22*	$5,415,500.13§
1920	324,192,374	51,865,314	32,671,515.53	24,348,226.45	8,029,594.14	311,304.81	17,609.87*	17,079.95
1921	337,381,994	51,048,015	34,200,286.06	25,102,902.39	8,744,033.15	245,304.75	108,045.77	550,253.52
1922	345,545,009	49,774,298	32,698,965.01	22,113,783.76	9,086,894.45	195,603.45	1,302,683.35	1,385,211.44
1923	373,689,603	52,085,801	33,612,335.20	22,906,489.22	9,183,967.83	93,088.85	1,428,789.30	1,114,557.82
1924	386,263,158	56,068,563	34,262,009.46	25,009,657.54	9,233,372.93	163,181.43	144,202.44*	0.00
1925	370,729,801	55,670,491	34,198,250.91	24,606,418.26	9,412,380.77	210,735.98	31,284.10*	20,581.33
1926	368,932,079	56,552,827	35,087,845.89	25,306,433.69	9,622,903.89	168,562.92	10,054.61*	22,304.46
1927	371,893,575	57,970,731	35,618,066.06	25,834,928.57	9,720,918.98	138,818.02	76,599.51*	60,660.25
1928	363,576,565	57,188,342	35,009,933.28	24,937,185.81	9,674,559.56	169,170.88	229,017.03	895,518.01
1929	356,507,228	57,253,904	34,312,806.18	24,473,329.19	9,857,650.77	161,979.55	180,153.33*	0.00
1930	349,441,431	56,276,807	33,597,154.90	23,707,378.01	9,868,002.52	72,752.68	50,978.31*	0.00
1931	336,693,586	55,015,807	31,202,319.98	22,992,883.56	10,106,115.81	69,009.97	1,965,689.36*	1,969,473.12†
1932	310,919,428	52,806,825	28,376,280.28	21,386,862.60	9,001,671.68	108,548.38	2,120,802.38*	1,775,338.80*
1933	272,448,444	47,887,434	24,632,326.42	17,671,635.53	9,536,605.55	144,336.60	2,720,251.26*	2,753,124.14*
1934	275,723,393	46,015,449	24,753,158.12	16,896,758.04	9,369,839.17	76,121.66	1,589,560.75*	1,551,631.97*
March 31								
1935‡	207,065,714	34,144,810	18,500,541.01	12,888,265.26	6,935,419.91	67,126.55	1,390,270.71*	1,396,388.83*
1936	282,989,838	46,233,477	25,086,709.97	17,854,394.81	9,387,995.81	102,450.51	2,258,131.16*	2,086,202.37*

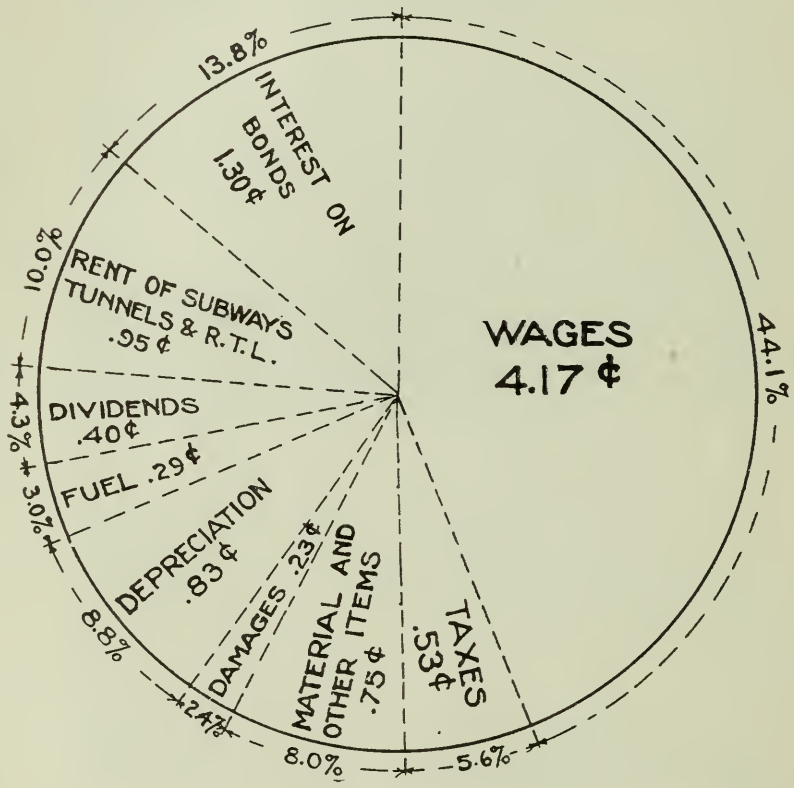
Note:—Fixed charges include subway rentals, rent of leased roads, taxes, dividends and interest on bonds.
†This deficit for year ended June 30, 1931 ($1,969,473.12) was not assessed upon the cities and towns in the District—Sec. 22, Chap. 333, Acts 1931.
§Of this loss $4,980,151.67 was assessed and was repaid by the Railway between 1922 and 1931.
‡9 Months Period.

BOSTON ELEVATED RAILWAY

COST OF SERVICE 9.45 ¢ PER REVENUE PASSENGER

12 MONTHS ENDED DECEMBER 31, 1936

DIVIDED AS FOLLOWS



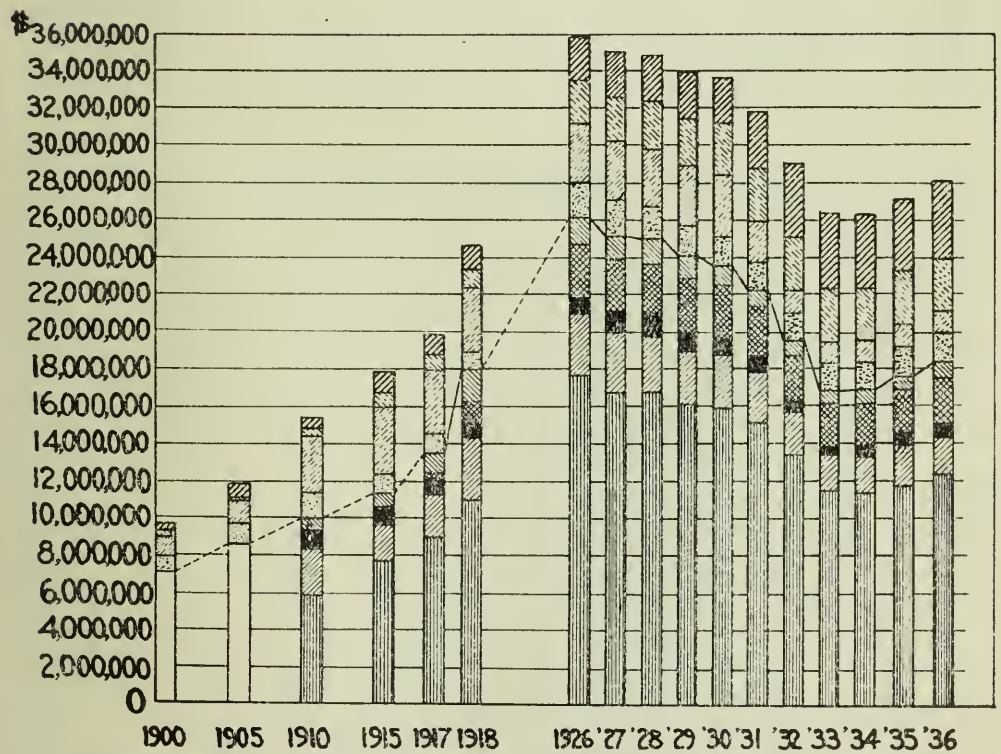
toward payment and retirement of bonds of the District. This last payment comprised a compensation tax and interest upon the bonds of the railway owned by the District, and was in addition to an amount sufficient to pay all interest upon the District's bonds.

These payments, included in the cost of service for 1936 and used to reduce the public debt of the Commonwealth, that of Boston, and that of the Boston Metropolitan District, amounted together to $1,468,287.30, or 77 per cent. of the deficit for the calendar year 1936.

The subway and tunnel rentals paid during 1936 amounted to $2,811,558.76 or $914,089.75 more than the deficit for the calendar year 1936.

Bonds

Four years ago the Legislature instituted and each year since has continued the policy of authorizing the Boston Metropolitan District to issue its bonds for the purpose of purchasing a particular issue or issues of Elevated refunding bonds.



Graphical Record of Operating and Overhead Expenses
Miscellaneous items included with interest
Calendar Years

Estimated Savings from Refunding Boston Elevated Railway Bonds by Boston Metropolitan District Bonds

Boston Metropolitan District Bond Issues						Estimated Saving Included In Cost of Service		District Bonds To be Retired From Interest On B. E. Ry. Bonds
Date of Issue	Amount	Term	Interest Rate	Price Sold	Net Yield	1933 to 1936	1937 to 1962	
June 1, 1933 (1)	$3,000,000	3 year	3½%	99.31	3.75%	$255,192.12		None
Mar. 1, 1934 (2)	2,098,000	3 year	3 %	99.307	3.25%	154,431.40	$9,084.20	None
Aug. 1, 1934	1,581,000	15 year Serial	2½%	95.086	3.00%	26,602.28	138,515.32	$567,000.00
Jan. 1, 1935	6,309,000	25 year Serial	3 %	97.79	3.19%	151,620.96	1,743,641.04	4,599,000.00
Mar. 1, 1935	8,500,000	25 year Serial	3 %	100.819	2.92%	170,262.24*	2,151,495.76*	6,196,000.00
Dec. 15, 1935	7,711,000	25 year Serial	2½%	97.585	2.72%	35,669.67	820,402.58	5,267,000.00
June 1, 1936	3,815,000	25 year Serial	2½%	99.05	2.58%	38,258.24	1,601,380.76	2,605,000.00
Jan. 1, 1937	2,098,000	25 year Serial	2¼%	99.352	2.31%		839,658.50	1,382,000.00
						$491,512.43	$3,001,186.64	$20,616,000.00

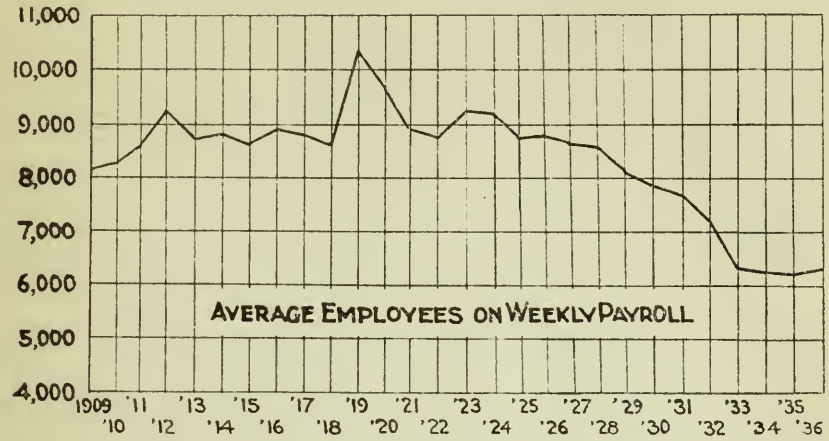
NOTE: Saving is based on the assumption that the Boston Elevated Railway renewed bonds on the same terms as the original maturing bond issues instead of refinancing through the District.

*Indicates loss due to renewal of bond issues by the railway at higher rates than maturing issues. This is because the railway pays two per cent. higher interest than the District on serial issues to provide for retirement of District bonds:

(1) Refunded by the District under chapter 451, Acts of 1935.

(2) Refunded by the District under chapter 308, Acts of 1936.

The experience of the District with respect to its bond issues has been such as to establish beyond a question of doubt the wisdom of the Legislature's policy. A glance at the table on the opposite page, listing the District's issues, will show a progressively lower net yield starting with the net yield of 3.75 per cent. for the three year



issue of June 1, 1933 and dropping to a net yield of 2.31 per cent. for the 25 year serial issue of January 1, 1937.

The Legislature's purpose in starting and continuing this policy of District refinancing of Elevated maturities was simple and practical: To save money for the taxpayers within the District.

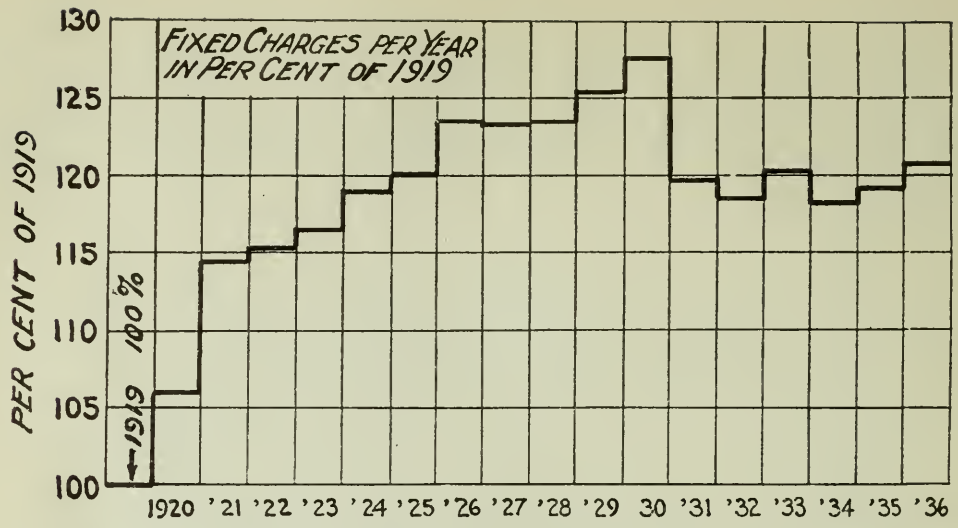
That the railway's cost of service, and consequently the deficit, has been substantially lowered by reason of this policy is clearly indicated by the total estimated saving of $491,512 in cost of service from 1933 to 1936. During the balance of the life of the District bonds from 1937 to 1962 there will be an additional estimated saving of $3,001,186.

The complete story of the savings is not told by these figures because they are based on the difference between the interest paid on the original Elevated bonds and the interest charges paid by the railway on its refunding bonds issued to the District. Undoubtedly the railway could not have refunded maturities with new bonds bearing the same rates, or nearly the same rates, as the maturing bonds. The fact that the railway could sell its own bonds only at very high interest rates was one of the strong motives which led to the passage of the first District refunding act in 1933.

Apart from the saving in interest charges, there is another substantial advantage to be gained by the District in its refunding operations. By statutory requirement the Elevated pays the District two per cent. more in interest than the interest paid by the District on its own bonds. This two per cent. additional interest is used to retire District serial bonds as they mature.

Thus, the District will have paid off at maturity, through the annual payment of principal made possible by reason of the two per cent. higher interest rate, $20,616,000 of a total of $30,014,000 of District bonds issued to purchase Elevated refunding bonds.

The purpose and effect of the Legislature's policy relating to



District refinancing of maturing railway bonds is summed up briefly as follows: The taxpayers of the District are saved annually substantial amounts in interest charges. Through railway interest payments, the District is able to retire gradually a large part of its own bonds.

In view of the experience of the District in financing maturing railway and District bonds, an experience which has clearly demonstrated the benefits to the District, its taxpayers and the car riders, we urge the enactment of legislation placing this sound method of refinancing upon a permanent basis.

As of March 1, 1937, the District will hold $54,944,917 principal amount of the total of the outstanding bonds of the railway amounting to $76,200,917, of which $23,430,917 was issued to provide funds for the retirement of preferred stock when the period of public control was extended in 1931, and $1,500,000 was issued in 1936 to purchase the Chelsea Division of the Eastern Massachusetts Street Railway, and $30,014,000 was issued to provide funds to purchase Elevated refunding bonds.

Unemployment Compensation and Old Age Benefits

During 1936 the railway paid $126,884 in taxes for unemployment compensation.

In 1937, based on the same payroll as in 1936, the estimated taxes to be paid by the railway for unemployment compensation will be $253,000 and for old age benefits $115,000, making a total tax of approximately $368,000.

In 1937 the employees' contribution for unemployment compensation is estimated at $120,000 and for old age benefits $115,000, making a total estimated employee payment of approximately $235,000.

The estimated total to be paid in 1937 by both the railway and its employees is approximately $603,000.

Winning of Anthony N. Brady Safety Medal

On September 24, 1936, for the fifth time, the railway was awarded the Anthony N. Brady Gold Memorial Medal for "high

achievement in the promotion of safety in 1935."

In number of awards and in winning four out of the last five medals for which it has been eligible to compete, the railway has established a high in safety records unmatched by any other railway in the United States and Canada. In fact, because of the record of awards won by this railway it is barred from further competition until 1940.

Here, in this official report, the board of trustees wish to commend the employees and officials for their intelligent and earnest co-operation in making effective the safety work of the railway.

In the 10 year period from 1926 to 1936 collision accidents have been reduced by 45 per cent. on a mileage basis.

Because of more hazardous street traffic conditions, this record is phenomenal, and is proof of the soundness of the railway's accident prevention program, of general co-operation to make it successful and of the railway's modern equipment.

Perhaps the most striking way of expressing the safety of the railway system is to point out that in the eight year period from 1929 to 1936, inclusive, the railway operated 401,985,666 miles in passenger service and carried 2,434,915,093 revenue passengers without a fatality to a passenger actually riding in a train, car or coach.

Since there is a close relationship between the physical condition of transportation employees and the safety of riders, all rapid transit motormen and all other transportation employees forty years of age and over have been examined annually since 1928. In the last nine years 25,283 physical examinations were made, of which 3,307 were made during the year 1936.

The following table shows the fine record in reducing industrial accidents since 1926.

Year	Total Number of Injuries
1926	1,465
1927	1,414
1928	1,121
1929	921
1930	852
1931	835
1932	698
1933	565
1934	628
1935	603
1936	613

Motor Coach Service

The motor coach fleet of the railway has been modernized to the point that at the end of 1936 out of a total of 434 coaches all but four were of the metropolitan type. During 1936 the railway received 60 new motor coaches, including one Diesel power coach which is being used for experimental purposes.

The importance of the motor coach in local transportation is indicated from the fact that of the total mileage operated last year, 10,485,554 miles, or 22.55 per cent. was operated by means of these vehicles. In the ten year period since 1926 the miles of street

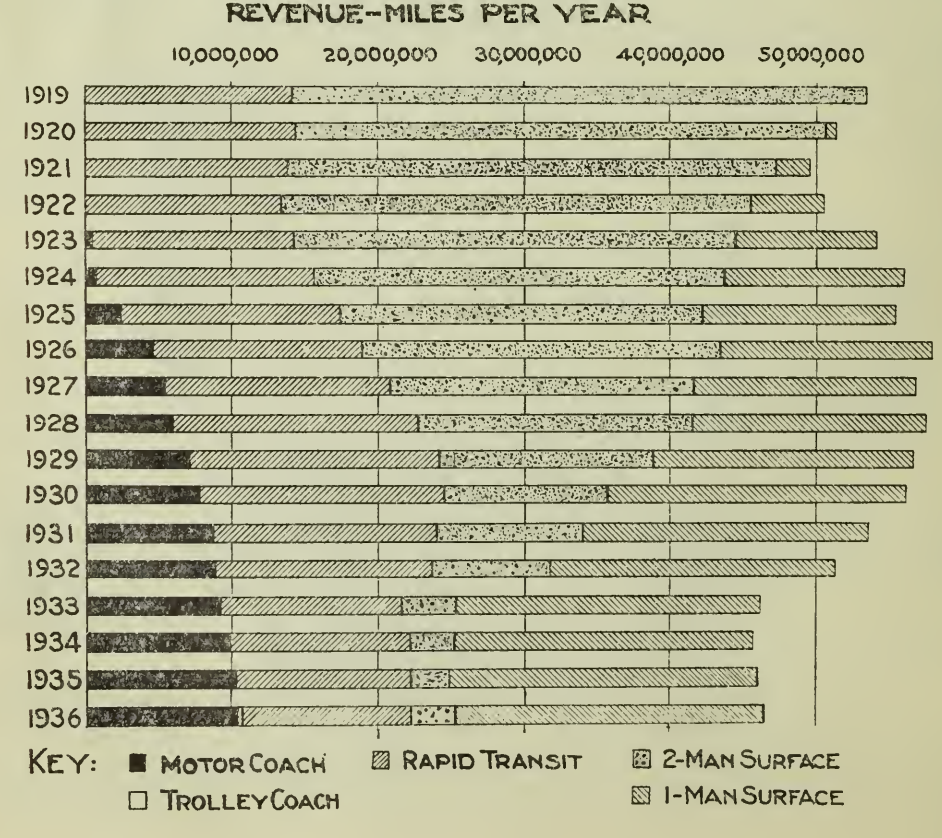
over which service is furnished have increased from 56 miles in 1926 to 149 miles in 1936. In this same period motor coach mileage operated increased from 4,717,900 miles to 10,485,554 miles. At the end of last year motor coach service was being operated over 696 miles of round trip routes.

The following new coach lines were placed in operation during 1936:

Between Hammond and Boylston streets and Lee and Boylston streets, Brookline.
Between Belgrade avenue and Robert street and Weld and Maple streets, West Roxbury.
Between Medford square and Myrtle and Lawrence streets, Medford.
Between Beachmont and Broadway and Beach street, Revere.
Between Chelsea square and City square, Charlestown.

Trolley Coach Service

Service by means of trolley coaches, or "trackless trolleys" as they are sometimes called, was inaugurated by this railway on April 11, 1936 on the line between Lechmere station and the Bennett street car yard via Cambridge street and Harvard square. On November 28, 1936 trolley coach service was placed in operation between the Everett car house, Broadway, in North Everett, and the Linden section of Malden. This line was a part of a through line between Linden and the Everett "El" terminal which



began operation on January 9, 1937. In connection with this last line a loop and bridge was constructed over the rapid transit tracks at the Everett "El" terminal.

During the year just closed 32 new trolley coaches, with a seating capacity of 40 passengers each, were received by the railway. The trolley coach lines thus far established have furnished satisfactory service and met with a favorable public response.

Court Cases

During the year just passed 255 cases were prosecuted in the courts for various offences, including the use of "slugs," misuse of transfers and pupils' tickets, evasions of fares, riding on the rear end of trolley cars and coaches, etc. In all but 19 of these cases, convictions were obtained.

Changes in the Board of Trustees

John V. Mahoney, a public trustee of the railway since August 3, 1934, resigned on January 7, 1937 to become chief secretary to His Excellency, Governor Charles F. Hurley. Mr. Mahoney served on the board with ability and distinction.

On the above date, the Governor appointed Henry J. Smith to the vacancy caused by Mr. Mahoney's resignation.

Changes in Officers

Effective as of January 1, 1937 the board of trustees appointed Edward Dana president and general manager. Since January 1, 1932 Mr. Dana had been executive vice president and general manager and since October 8, 1919 he had been general manager. As of January 1, 1937 the board also appointed John H. Moran vice president and treasurer. Mr. Moran had been named vice president and comptroller on March 23, 1936 and had served as general auditor since February 1, 1920. Michael H. Cullen, who had been assistant general auditor, was appointed general auditor succeeding Mr. Moran.

These changes were incident to the retirement of Henry L. Wilson as treasurer. Mr. Wilson had been in the employ of this railway and its predecessor, the West End Street Railway, for almost 49 years. He served as auditor of the West End from December 26, 1891, and after the consolidation of the West End and the Elevated continued as auditor of the Elevated until March 25, 1907, when he was appointed comptroller. On October 26, 1908 Mr. Wilson was appointed treasurer of the Elevated and continued in that office until his retirement.

H. Ware Barnum, who had been general counsel of the railway since the fall of 1918 shortly after the effective date of the first public control act, died on November 22, 1936. Prior to that Mr. Barnum had been an assistant attorney general of the Commonwealth. He was a recognized authority on the laws relating to street railways, particularly on those affecting this railway. The trustees wish to record here their sorrow at the passing of Mr. Barnum for whom they had a high personal regard.

On November 30, 1936 the board of trustees promoted Willis

B. Downey to the position of general counsel. Mr. Downey had been assistant general counsel of the railway since July 15, 1929.

Plant and Equipment Changes

Chelsea Division Acquired

After negotiations extending over several years, final papers covering the purchase of most of the Chelsea Division of the Eastern Massachusetts Street Railway were signed on June 9, 1936, and the Elevated began operations the following day. The purchase price was $1,500,000 for the Eastern's lines in Chelsea, Everett, East Boston and Charlestown, and for most of its lines in Revere, and for the buildings, rolling stock, power lines, etc., necessary in the operation of these railway lines. Accompanying the purchase, a number of the Eastern's employees who worked on the lines were transferred to the Elevated. By this extension of the railway's facilities, lower fares were provided for the residents of a large local territory and the cost of riding from other parts of the system to Revere Beach and to other sections served by the newly acquired lines was reduced.

New Platform at Park Street Station

On December 5, 1936, a new platform running along the easterly side of the northbound track on the surface-car level at Park street station was opened to the public. This provides access to the station from the business side of Tremont street at two points. Midway of the station, a passageway leads to stairways on the two corners of Temple place and Tremont street. At the northerly end of the platform a short passageway connects with the rapid transit fare-collection lobby and thence with the business side of Tremont street at Park street. A sub-passageway near the middle of the new platform connects with the two other surface-lines platforms. This enlargement of Park street was a W.P.A. project, constructed under the direction of the Transit Department of the City of Boston at a total cost of about $407,000. The increased investment upon which the railway pays rental was limited to $150,000.

Addition to Roxbury Motor Coach Garage

The extension of the Roxbury motor coach storage garage at 2561 Washington street, Roxbury, was completed early in 1936. This new unit increased the storage capacity of the Roxbury garage from 30 to 66 motor coaches. The total undercover storage capacity of the entire Bartlett street garage, of which the Roxbury garage forms a part, was thus increased to 122 coaches. An additional area was surfaced for the better maneuvering of coaches and for outdoor storage during certain parts of the day. The new unit is characterized by simplicity, fireproofness, operating convenience and low cost.

Dust Control Equipment at South Boston Power Station

During the past year an electrical system to remove fine dust particles from chimney gases was installed in the two large boilers using pulverized coal at the South Boston power station. Additional equipment was provided to improve the efficiency of the

two boilers by increasing the chimney draft and by reclaiming more heat from the boiler flue gases. These changes were started on April 3, 1936 and were completed before the end of the year.

Snow Fighting Equipment

During 1936 the railway's equipment for snow removal and sand spreading was brought to a higher degree of perfection than ever before. For operation on the surface rail lines nearly a hundred electric car plows are available, in addition to sand and salt cars. Chiefly for the highways, and also for use over track areas, 33 powerful multiservice trucks, known as "snow fighters," form the backbone of a well-diversified fleet. Comprising a part of this fleet are snow loaders, bucket loaders, sand spreaders, and numerous trucks equipped with plows, both railway-owned and on call for hire. In planning for the winter storms particular attention is given to the sanding of the 280 round trip miles of motor coach and trolley coach routes, for which work there are available 56 sand spreaders. In winter, the rapid transit cars carry wire brushes to clear the third rail of sleet. For extremely bad weather, eight flat cars with wire brushes, sweepers and plows are available to clear the rapid transit tracks.

"Slug" Ejectors on Passimeters

From late 1934 to the end of 1936, the loss from spurious coins and "slugs" dropped in passimeters has been reduced by two-thirds through the installation of so-called automatic "slug" ejectors on the top of passimeters. The ejector allows a good dime to drop through the passimeter but a bad dime or a "slug" prevents the passimeter arm from unlocking. At the end of last year, 111 ejectors had been installed.

Conclusion

The business of the railway has improved. Since 1933, the low year, riding has increased by 10.58 per cent. There is still, however, a considerable distance to go to reach the pre-depression level. The trustees, nevertheless, are glad to report a constant and encouragingly upward trend in the public's use of its transportation facilities over the last three years. This improvement is a reflection of better conditions generally, since the level of travel on the railway is an excellent barometer.

The reduction of $331,782.22 in the deficit for the calendar year 1936, as compared to the calendar year 1935, indicates that as of the end of the current fiscal year, March 31, 1937, the amount to be assessed on the cities and towns in the District served will be lower than that assessed for the last fiscal year.

Respectfully submitted,

BOARD OF TRUSTEES,
BOSTON ELEVATED RAILWAY COMPANY
(Signed) HENRY I. HARRIMAN, *Chairman*
EDWARD E. WHITING
HENRY J. SMITH
ERNEST A. JOHNSON
GEORGE B. JOHNSON

February 1, 1937.

Appendix 1

Lybrand, Ross Bros. & Montgomery
Boston, Massachusetts

To the Trustees of
Boston Elevated Railway:

We have made an examination of the accompanying general balance sheet of the Boston Elevated Railway as at December 31, 1936 and of the accompanying income statement for the twelve months ended December 31, 1936. In connection therewith we examined or tested accounting records of the company and other supporting evidence and obtained information and explanations from officers and employees of the company; we also made a general review of the accounting methods and of the operating and income accounts for the period, but we did not make a detailed audit of the transactions.

In our opinion, the provision for depreciation of road and equipment in the year 1936 charged to cost of service as shown in the accompanying schedule of operating expense accounts and determined in accordance with the policy of accounting previously adopted by the trustees is fair and reasonable, but the amount of accrued depreciation appearing in the balance sheet is inadequate.

In our opinion, based upon such examination, the accompanying general balance sheet as at December 31, 1936 (subject to the comment in the preceding paragraph), and income statement for the twelve months ended December 31, 1936, fairly present the position of Boston Elevated Railway at that date and the results of operations under public control for the year then ended. Further, in our opinion, the accounts have been maintained by the company consistently during the year in accordance with accepted principles of accounting.

(Signed) Lybrand, Ross Bros. & Montgomery.

Boston, Massachusetts
January 29, 1937.

Appendix 2

General Balance Sheet

Assets	Dec. 31, 1936	Dec. 31, 1935
Investments		
Road and Equipment:		
Way and Structures	$61,027,201.25	$59,679,452.68
Equipment	31,428,281.13	30,442,493.95
Power	15,429,916.55	15,476,682.82
General and Miscellaneous	1,972,702.63	1,924,002.63
Unfinished Construction	190,337.66	56,799.34
Total Road and Equipment	**$110,048,439.22**	**$107,579,431.42**
Miscellaneous Physical Property	**$776,862.87**	**$892,012.79**
Other Investments:		
Bonds	$1,217,796.41	$213,031.25
Notes	159,300.50	165,950.00
Advances, Road and Equipment:		
Eastern Massachusetts Street Railway Company	190,087.63	207,808.45
Total Other Investments	**$1,567,184.54**	**$586,789.70**
Total Investments	**$112,392,486.63**	**$109,058,233.91**

General Balance Sheet—*Continued*

Liabilities	Dec. 31, 1936	Dec. 31, 1935
Stock		
Capital Stock:		
Common Stock	$23,879,400.00	$23,879,400.00
Premium on Capital Stock:		
Common Stock	2,707,428.13	2,707,428.13
Total Stock	**$26,586,828.13**	**$26,586,828.13**
Bonds		
Funded Debt Unmatured:		
5% 20 yr. W. E. St. Ry. Co. Bonds, Due May 1, 1936	——	$815,000.00
3½% 3 yr. Boston Elev. Ry. Bonds, Due June 1, 1936	——	3,000,000.00
3% 3 yr. Boston Elev. Ry. Bonds, Due Mar. 1, 1937	$2,098,000.00	2,098,000.00
4½% 30 yr. Boston Elev. Ry. Bonds, Due Oct. 1, 1937	4,800,000.00	4,800,000.00
4½% 30 yr. Boston Elev. Ry. Bonds, Due Nov. 1, 1941	5,000,000.00	5,000,000.00
5% 30 yr. Boston Elev. Ry. Bonds, Due Dec. 1, 1942	8,286,000.00	8,286,000.00
5% 30 yr. W. E. St. Ry. Co. Bonds, Due Mar. 1, 1944	2,600,000.00	2,600,000.00
7% 30 yr. W. E. St. Ry. Co. Bonds, Due Sept. 1, 1947	570,000.00	570,000.00
4½% 15 yr. Boston Elev. Ry. Bonds, Due Aug. 1, 1949	1,581,000.00	1,581,000.00
5% 25 yr. Boston Elev. Ry. Bonds, Due Jan. 1, 1960	6,309,000.00	6,309,000.00
5% 25 yr. Boston Elev. Ry. Bonds, Due Mar. 1, 1960	8,500,000.00	8,500,000.00
4½% 25 yr. Boston Elev. Ry. Bonds, Due Dec. 15, 1960	7,711,000.00	7,711,000.00
4½% 25 yr. Boston Elev. Ry. Bonds, Due June 1, 1961	3,815,000.00	——
6% Boston Elev. Ry. Bonds Authorized Under Sec. 4, Chapter 333, Acts 1931	23,430,917.00	23,430,917.00
6% B. E. Ry. Bonds, Auth. Sec. 4, Chap. 333, Acts 1931, as amended by Sec. 1, Chap. 299, Acts 1932	1,500,000.00	——
5% 10 yr. Boston Elev. Ry. Bonds, Due Feb. 1, 1937 Called for Redemption Feb. 1, 1936	——	6,511,000.00
5% 10 yr. Boston Elev. Ry. Bonds, Due July 1, 1940 Called for Redemption Jan. 1, 1936	——	1,200,000.00
Total Bonds	**$76,200,917.00**	**$82,411,917.00**

General Balance Sheet—*Continued*

Assets	Dec. 31, 1936	Dec. 31, 1935
Current Assets		
Cash	$3,095,773.18	$2,603,620.07
Special Deposits:		
Interest, Dividends and Rents Unpaid	$328,158.48	$520,941.22
For Preferred Stock Redemption	97.11	149.32
For Bond Redemption	——	7,788,110.00
Reserve Fund, Chap. 159, Spec. Acts, 1918	——	——
Total Special Deposits	$328,255.59	$8,309,200.54
Loans and Notes Receivable	$274.00	$274.00
Miscellaneous Accounts Receivable	403,826.97	381,602.25
Material and Supplies	1,847,683.60	1,948,251.28
Interest, Dividends and Rents Receivable	9,091.75	11,733.72
Other Current Assets	38,680.00	39,480.00
Total Current Assets and Special Deposits	$5,723,585.09	$13,294,161.86
Deferred Assets		
Insurance and Other Funds	$243,000.00	$243,000.00
Unadjusted Debits		
Rents and Insurance Premiums Paid in Advance	$54,307.43	$171,772.40
Discount on Funded Debt	1,195,545.17	1,213,801.78
Other Unadjusted Debits	72,202.82	76,627.61
Total Unadjusted Debits	$1,322,055.42	$1,462,201.79
Total Assets	$119,681,127.14	$124,057,597.56

General Balance Sheet—*Concluded*

Liabilities	Dec. 31, 1936	Dec. 31, 1935
Current Liabilities		
Audited Accounts and Wages Payable	$608,481.34	$611,699.18
Matured Interest, Dividends and Rents Unpaid	$337,042.23	$367,050.85
Accrued Interest, Dividends and Rents Payable		
Accrued Interest on Funded Debt	$942,313.91	$1,098,824.33
Accrued Rent of Leased Roads	5,678.36	5,998.02
Accrued Rent of Subways, Tunnels & R. T. L.	109,158.32	107,912.50
Total Accrued Interest, Dividends and Rents Payable	$1,057,150.59	$1,212,734.85
Other Current Liabilities:		
Premium on B. E. Ry Co. Bonds,		
Called for Redemption on Jan. 1, 1936	——	$12,000.00
Called for Redemption on Feb. 1, 1936	——	$65,110.00
Total Current Liabilities	$2,002,674.16	$2,268,594.88
Deferred Liabilities		
Total Deferred Liabilities	$24,460.89	$14,413.69
Unadjusted Credits		
Tax Liability	$1,434,095.28	$1,254,455.31
Premium on Funded Debt	$28,186.68	$32,209.64
Injury and Damage Reserve	$1,184,096.28	$1,234,094.48
Accrued Depreciation—Road and Equipment	$15,103,237.42	$13,427,497.66
Other Unadjusted Credits:		
Outstanding Tickets and Tokens	$81,532.54	$68,932.50
Unredeemed Preferred Stocks	7,653.72	7,657.00
Other Unadjusted Credits	234,211.83	222,493.23
Total Other Unadjusted Credits	$323,398.09	$299,082.73
Total Unadjusted Credits	$18,073,013.75	$16,247,339.82
Corporate Surplus		
Profit and Loss:		
Prior to July 1, 1918	$12,127.83*	$12,127.83*
Year Ended June 30, 1931	1,969,473.12*	1,969,473.12*
Cost of Service Deficit 9 months ended December 31.	1,765,933.86*	2,030,663.03*
Arising out of Consolidation with West End St. Ry. Co., June 10, 1922 and Reorganization July 1, 1931	540,768.02	540,768.02
Total Corporate Surplus	$3,206,766.79*	$3,471,495.96*
Total Liabilities	$119,681,127.14	$124,057,597.56

*Debit.

Note:—Amounts advanced by Commonwealth of Massachusetts for deficits in Cost of Service 1932-1936, $9,562,686.11 as at December 31, 1936. (See Statement of Loan Assessments, Page 39.)

Appendix 3

Income Statement

	Twelve Months Ended Dec. 31, 1936	Twelve Months Ended Dec. 31, 1935
Operating Income		
Passenger Revenue	$25,395,750.05	$24,268,437.55
Special Car and Motor Coach Revenue	106,666.10	78,930.21
Mail Revenue	175.00	175.00
Total Revenue from Transportation	$25,502,591.15	$24,347,542.76
Station and Car Privileges	$459,326.06	$457,833.71
Rent of Tracks and Facilities	4,584.40	8,023.60
Rent of Equipment	9,002.19	10,122.90
Rent of Buildings and Other Property	52,767.78	52,524.63
Power	23,341.52	11,271.95
Miscellaneous	338.97	289.62
Total Revenue from Other Railway Operations	$549,360.92	$540,066.41
Total Railway Operating Revenues	$26,051,952.07	$24,887,609.17
Railway Operating Expenses:		
Way and Structures	$2,825,340.03	$2,787,556.21
Equipment	3,345,697.89	3,237,473.34
Power	1,750,222.28	1,708,296.72
Conducting Transportation	8,297,342.05	7,955,676.05
Traffic	10,662.86	7,438.37
General and Miscellaneous	2,194,336.78	1,983,329.94
Transportation for Investment	†13,259.90	†14,358.04
Total Railway Operating Expenses	$18,410,341.99	$17,665,412.59
Net Revenue Railway Operations	$7,641,610.08	$7,222,196.58
Taxes Assignable to Railway Operations	$1,573,217.91	$1,520,923.60
Operating Income	$6,068,392.17	$5,701,272.98

†Credit.

Income Statement—*Concluded*

	Twelve Months Ended Dec. 31, 1935	Twelve Months Ended Dec. 31, 1936
Non-Operating Income		
Income from Funded Securities	$29,274.37	$20,137.00
Income from Unfunded Securities and Accounts	——	465.20
Income from Sinking Fund and Other Reserves	10,800.00	10,800.00
Release of Premiums on Funded Debt	4,022.96	7,292.52
Miscellaneous Income	106.07	122.57
Total Non-Operating Income	$44,203.40	$38,817.29
Gross Income	$6,112,595.57	$5,740,090.27
Deductions from Gross Income		
Rent for Leased Roads:		
Boston Elevated Railway Co.—Dividend Rental	$1,193,970.00	$1,193,970.00
Other Roads	46,161.00	46,647.62
Total Rent for Leased Roads	$1,240,131.00	$1,240,617.62
Miscellaneous Rents	2,812,255.07	2,809,087.75
Net Loss on Miscellaneous Physical Property	7,992.91	14,934.13
Interest on Funded Debt	3,862,562.10	3,816,442.94
Interest on Unfunded Debt	——	1.10
Amortization of Discount on Funded Debt	78,299.77	79,142.51
Miscellaneous Debits	8,823.73	9,115.45
Total Deductions from Gross Income	$8,010,064.58	$7,969,341.50
Operating Loss for Year	*$1,897,469.01	*$2,229,251.23

*Debit.

Appendix 4

Operating Expense Accounts

	Twelve Months Ended Dec. 31, 1936	Twelve Months Ended Dec. 31, 1935
Way and Structures		
Superintendence of Way and Structures	$239,486.57	$233,270.60
Maintenance of Track and Roadway	959,317.15	919,186.73
Removal of Snow and Ice	214,936.04	283,464.98
Roadway Structures	91,857.93	80,886.14
Signals and Interlocking Apparatus	31,076.40	39,631.51
Telephone and Telegraph Lines	5,707.49	4,533.07
Other Miscellaneous Expenses	39,836.16	40,698.53
Maintenance of Electric Line Equipment	170,989.25	177,269.46
Maintenance of Buildings and Grounds	310,613.04	247,095.19
Depreciation of Way and Structures	761,520.00	761,520.00
Total Way and Structures	**$2,825,340.03**	**$2,787,556.21**
Equipment		
Superintendence of Equipment	$146,034.88	$136,240.74
Maintenance of Cars and Coaches	1,218,092.45	1,152,121.08
Service Equipment	33,162.90	40,994.53
Maint. of Electric Equipment of Cars and Coaches	341,484.06	356,200.67
Shop Equipment	30,997.98	25,137.38
Shop Expenses	248,378.16	237,420.88
Miscellaneous Equipment	61,091.10	63,545.14
Depreciation of Equipment	821,640.00	821,640.00
Depreciation of Coaches	444,816.36	404,172.92
Total Equipment	**$3,345,697.89**	**$3,237,473.34**
Power		
Superintendence of Power	$85,784.62	$88,720.81
Maintenance of Power Plant Bldgs. & Equipt.	120,515.38	152,934.59
Depreciation of Power Plant Bldgs. & Equipt.	420,840.00	420,840.00
Operation of Power Plants	867,537.06	807,813.44
Gasoline for Motor Coaches	255,545.22	237,987.88
Total Power	**$1,750,222.28**	**$1,708,296.72**

Operating Expense Accounts—*Concluded*

	Twelve Months Ended Dec. 31, 1936	Twelve Months Ended Dec. 31, 1935
Conducting Transportation		
Superintendence of Transportation	$1,049,607.95	$1,036,257.47
Pass. Car, Trainmen and Coach Operators	4,909,543.68	4,685,572.55
Misc. Car and Coach Service Employes	188,213.35	197,751.20
Misc. Car and Coach Service Expenses	105,249.48	105,668.34
Station Employes	627,216.89	612,410.40
Station Expenses	191,913.71	181,775.32
Car House and Coach Garage Employes	678,603.83	607,322.33
Car House and Coach Garage Expenses	93,970.64	92,512.18
Operation of Signal & Interlocking Apparatus	223,569.50	214,183.85
Operation of Telephone & Telegraph Lines	11,704.90	10,080.38
Other Transportation Expenses	217,748.12	212,142.03
Total Conducting Transportation	**$8,297,342.05**	**$7,955,676.05**
Traffic		
Traffic	**$10,662.86**	**$7,438.37**
General and Miscellaneous		
Salaries and Expenses of General Officers	$81,647.24	$79,474.02
Salaries and Expenses of General Office Clerks	365,151.57	305,195.83
General Office Supplies and Expenses	72,045.77	73,351.47
Law Expenses	39,091.60	38,842.29
Relief Department Expenses	3,420.00	3,420.00
Pensions and Gratuities	219,037.81	216,666.10
Miscellaneous General Expenses	98,417.76	87,433.70
Injuries and Damages	832,965.84	720,794.40
Insurance	139,768.92	135,591.83
Stationery and Printing	54,773.90	59,835.45
Store Expenses	171,015.16	160,831.74
Garage Expenses (Excl. Motor Coach Garages)	88,143.49	72,381.93
Rent of Tracks and Facilities	14,761.57	15,377.61
Rent of Equipment	14,096.15	14,133.57
Total General and Miscellaneous	**$2,194,336.78**	$1,983,329.94
Transportation for Investment	†13,259.90	†14,358.04
Total Operating Expenses	**$18,410,341.99**	$17,665,412.59

†Credit.

Appendix 5

Road and Equipment Investment

Account		Total Dec. 31, 1936	Total Dec. 31, 1935
	Way and Structures		
A/c 501	Engineering and Superintendence	$1,733,439.11	$1,688,731.45
502	Right of Way	11,467,432.64	11,450,453.85
503	Other Land	5,722,265.43	5,575,931.08
504	Grading	331,462.46	275,582.43
505	Ballast	759,222.74	748,749.16
506	Ties	888,466.57	822,556.98
507	Rails, Rail Fastenings and Joints	2,098,264.16	1,929,969.82
508	Special Work	4,388,957.45	4,329,980.68
510	Track and Roadway Labor	4,285,925.42	4,106,989.46
511	Paving	1,529,985.49	1,507,605.72
512	Roadway Machinery and Tools	389,492.26	337,705.60
513	Tunnels and Subways	347,908.22	347,908.22
514	Elevated Structures and Foundations	5,589,137.53	5,589,137.53
515	Bridges, Trestles and Culverts	2,002,986.39	1,915,232.43
516	Crossings, Fences and Signs	88,550.24	93,497.24
517	Signals and Interlocking Apparatus	1,102,058.72	1,099,367.63
518	Telephone and Telegraph Lines	102,935.36	101,907.36
519	Poles and Fixtures	626,884.34	582,993.17
520	Underground Conduit	1,861,653.77	1,817,825.46
521	Distribution System	3,702,139.11	3,561,854.56
523	Shops, Car Houses and Garages	7,266,456.32	7,114,080.27
524	Stations, Misc. Buildings and Structures	4,509,276.32	4,449,091.38
525	Wharves and Docks	232,301.20	232,301.20
	Total Way and Structures	$61,027,201.25	$59,679,452.68
	Equipment		
A/c 530	Pass. Cars, Motor and Trolley Coaches	$21,021,104.60	$20,421,345.03
532	Service Equipment	1,018,911.49	1,021,032.78
533	Electric Equip. of Cars and Trolley Coaches	7,675,158.63	7,488,358.73
536	Shop Equipment	742,421.42	719,792.90
537	Furniture, Fare Boxes and Passimeters	256,116.92	247,429.99
538	Miscellaneous Equipment	714,568.07	544,534.52
	Total Equipment	$31,428,281.13	$30,442,493.95
	Power		
A/c 539	Power Plant Buildings	**$3,591,627.83**	$3,589,835.31
540	Sub Station Buildings	640,979.22	640,979.22
542	Power Plant Equipment	6,898,306.02	6,939,745.81
543	Sub Station Equipment	2,690,941.28	2,698,060.28
544	Transmission System	1,608,062.20	1,608,062.20
	Total Power	$15,429,916.55	$15,476,682.82
	General and Miscellaneous		
A/c 546	Law Expenditures	$250.00	$250.00
547	Interest during Construction	1,832,301.09	1,783,601.09
548	Injuries and Damages	7,500.00	7,500.00
549	Taxes	145,866.54	145,866.54
550	Miscellaneous	13,215.00	13,215.00
	Total General and Miscellaneous	$1,972,702.63	$1,924,002.63
A/c 551	Unfinished Construction	$190,337.66	$56,799.34
	Total Road and Equipment	$110,048,439.22	$107,579,431.42

Note:—Bold denotes credits.

Appendix 6

Investment in Road Owned and Leased December 31, 1936

Boston Elevated Railway			
Road and Equipment		$110,048,439.22	
Miscellaneous Physical Property		776,862.87	
Total Boston Elevated Railway Investment			$110,825,302.09
Leased Lines			
Hyde Park Transportation District (City of Boston)		$245.931.51	
Eastern Mass. St. Ry. Co. (Part Leased)			
Old Colony Lines, West Roxbury	$672,847.44		
Boston & Northern Lines, Middlesex Fells Lines	29,546.01		
Expenditures for Additions and Betterments	190,087.63		
Total Eastern Mass. St. Ry. Co.		892,481.08	
Total Leased Lines			1,138,412.59
City of Boston Investment			
Boylston Subway		$11,183,156.98	
Cambridge Connection		1,654,625.23	
Dorchester Tunnel		12,240,633.79	
Dorchester Rapid Transit Extension		11,006,103.96	
East Boston Tunnel		7,279,318.37	
East Boston Tunnel Extension		2,346,768.29	
Tremont Subway		4,624,678.65	
Washington Tunnel		7,969,552.34	
Total City of Boston Investment			58,604,837.61
Commonwealth of Massachusetts Investment			
Cambridge Subway		$8,226,759.52	
Total Commonwealth of Massachusetts Investment			8,226,759.52
TOTAL INVESTMENT IN ROAD OWNED AND LEASED			$178,795,311.81

Appendix 7

Investment and Total Income 1897-1936

Year Ended	Total Investment	Total Income	Permanent Investment Per $1 of Total Income
Sept. 30, 1897	$25,291,913.22	$8,719,031.78	$2.90
Sept. 30, 1898	31,251,811.90	9,257,252.94	3.38
Sept. 30, 1899	33,187,250.79	9,756,136.25	3.40
Sept. 30, 1900	37,793,501.62	10,236,994.49	3.69
Sept. 30, 1901	44,087,939.53	10,869,496.33	4.06
Sept. 30, 1902	46,466,591.31	11,321,030.13	4.10
Sept. 30, 1903	48,398,610.91	12,019,371.26	4.03
Sept. 30, 1904	51,886,524.39	12,436,593.79	4.13
Sept. 30, 1905	57,187,809.61	12,741,569.30	4.49
Sept. 30, 1906	59,873,910.46	13,634,612.49	4.39
Sept. 30, 1907	65,979,896.07	14,011,167.72	4.71
Sept. 30, 1908	70,957,716.76	14,074,696.51	5.04
Sept. 30, 1909	81,592,634.49	14,493,853.13	5.63
June 30, 1911	92,904,910.27	15,980,707.94	5.81
June 30, 1912	101,864,058.69	16,522,542.00	6.17
June 30, 1913	105,019,587.59	16,968,328.33	6.19
June 30, 1914	106,990,919.12	17,785,978.25	6.02
June 30, 1915	113,166,182.04	17,886,549.64	6.33
June 30, 1916	117,116,007.58	18,781,327.74	6.24
Dec. 31, 1917	121,807,319.67	19,818,407.01	6.15
Dec. 31, 1918	134,181,073.47	21,062,692.82	6.37
Dec. 31, 1919	138,117,974.50	29,498,582.82	4.68
Dec. 31, 1920	139,156,058.00	34,031,636.44	4.09
Dec. 31, 1921	141,345,133.42	33,277,025.53	4.25
Dec. 31, 1922	143,345,873.68	32,699,176.37	4.38
Dec. 31, 1923	149,001,108.85	34,096,813.26	4.37
Dec. 31, 1924	155,490,852.91	34,175,319.61	4.54
Dec. 31, 1925	156,474,884.41	34,547,379.61	4.53
Dec. 31, 1926	159,025,141.62	35,481,313.38	4.48
Dec. 31, 1927	163,901,383.91	35,193,410.03	4.67
Dec. 31, 1928	172,480,669.04	34,843,147.51	4.95
Dec. 31, 1929	175,224,091.62	34,096,623.03	5.14
Dec. 31, 1930	175,045,256.41	32,510,721.17	5.38
Dec. 31, 1931	175,553,658.23	29,855,107.30	5.88
Dec. 31, 1932	177,673,869.99	26,428,493.63	6.72
Dec. 31, 1933	176,070,985.04	24,154,373.09	7.29
Dec. 31, 1934	176,108,007.79	24,818,625.48	7.09
Dec. 31, 1935	176,252,570.57	24,926,426.46	7.07
Dec. 31, 1936	178,795,311.81	26,096,155.47	6.85

The permanent investment represents the actual money expended for property operated, owned and leased, including subways, tunnels and rapid transit lines owned by the City of Boston and Commonwealth of Massachusetts.

Appendix 8

Capital Outstanding December 31, 1936

Outstanding Capital Stock

COMMON STOCK

No. Shares Outstanding	Par Value Shares Outstanding	Net Premium	Amount Realized	Date of Approval by Commission	Yearly Dividend	Dividends Payable
5,000	$500,000.00	——	$500,000.00	July 26, 1897		
95,000	9,500,000.00	——	9,500,000.00	July 6, 1900		
33,000	3,300,000.00	$1,815,000.00	5,115,000.00	Aug. 22, 1902		
66,500	6,650,000.00	695,958.13	7,345,958.13	Dec. 18, 1908		
39,294	3,929,400.00	196,470.00	4,125,870.00	Dec. 6, 1912		
238,794	$23,879,400.00	$2,707,428.13	$26,586,828.13		5%—$1,193,970.00	Jan. 1 Apr. 1 July 1 Oct. 1

OUTSTANDING FUNDED DEBT

Par Value	Rate	Maturity	Net Premium or Discount	Amount Realized	Date of Approval by Commission	Yearly Interest	Co.
§$2,098,000.00	3 %	Mar. 1, 1937	*$14,539.14	$2,083,460.86	Feb. 5, 1934	$62,940.00	B. E.
4,800,000.00	4½%	Oct. 1, 1937	*29,585.04	4,770,414.96	June 15, 1907	216,000.00	B. E.
5,000,000.00	4½%	Nov. 1, 1941	*100,000.00	4,900,000.00	Oct. 17, 1911	225,000.00	B. E.
4,000,000.00	5 %	Dec. 1, 1942	*80,000.00	3,920,000.00	Dec. 6, 1912	200,000.00	B. E.
1,000,000.00	5 %	Dec. 1, 1942	*78,410.00	921,590.00	May 27, 1914	50,000.00	B. E.
3,286,000.00	5 %	Dec. 1, 1942	*257,655.26	3,028,344.74	Nov. 9, 1915	164,300.00	B. E.
2,600,000.00	5 %	Mar. 1, 1944	112,832.07	2,712,832.07	Feb. 4, 1914 April 14, 1914	130,000.00	W. E.
570,000.00	7 %	Sept. 1, 1947	399.00	570,399.00	Aug. 24, 1917 Sept. 4, 1917	39,900.00	W. E.
§ 1,581,000.00	4½%	Aug. 1, 1949	*77,690.34	1,503,309.66	July 11, 1934	71,145.00	B. E.
§ 6,309,000.00	5 %	Jan. 1, 1960	*139,428.90	6,169,571.10	Dec. 4, 1934	315,450.00	B. E.
§ 8,500,000.00	5 %	Mar. 1, 1960	69,615.00	8,569,615.00	Feb. 21, 1935	425,000.00	B. E.
§ 7,711,000.00	4½%	Dec. 15, 1960	*186,220.65	7,524,779.35	Nov. 15, 1935	346,995.00	B. E.
§ 3,815,000.00	4½%	June 1, 1961	*36,242.50	3,778,757.50	Apr. 15, 1936	171,675.00	B. E.
§ 1,500,000.00	6 %	* * *	——	1,500,000.00	Note B	90,000.00	B. E.
§23,430,917.00	6 %	* * *	——	23,430,917.00	Note A	1,405,855.02	B. E.
$76,200,917.00			*$816,925.76	$75,383,991.24		$3,914,260.02	

*Discount.

A.—Authorized by Section 4, Chapter 333, Acts of 1931.

B.—Auth. by Amendment to Sec. 4, Chap. 333, Acts of 1931, made by Sec. 1, Chap. 299, Acts of 1932.

§Held by Boston Metropolitan District. (Total $54,944,917.00.)

Average Rate of Return 5.009% on Capital Outstanding.

Appendix 9

Revenue Passengers Carried—1897 to 1936

Year Ended	5c Fares	6 and 6¼c Tickets and Tokens	7c Fares	8c Fares	10c Fares	Pupils' Tickets 5c	Special Car & Motor Coach Passengers (*See Note*)	Total Revenue Passengers	Per Cent Yearly Increase
Sept. 30, 1897 . .	172,554,514	——	——	——	——	——	——	172,554,514	3.41%
Sept. 30, 1898 . .	181,321,295	——	——	——	——	——	——	181,321,295	5.08
Sept. 30, 1899 . .	191,023,224	——	——	——	——	——	——	191,023,224	5.35
Sept. 30, 1900 . .	201,124,710	——	——	——	——	——	——	201,124,710	5.29
Sept. 30, 1901 . .	213,703,983	——	——	——	——	——	——	213,703,983	6.25
Sept. 30, 1902 . .	222,484,811	——	——	——	——	——	——	222,484,811	4.11
Sept. 30, 1903 . .	233,563,578	——	——	——	——	——	——	233,563,578	4.99
Sept. 30, 1904 . .	241,681,945	——	——	——	——	——	——	241,681,945	3.48
Sept. 30, 1905 . .	246,941,776	——	——	——	——	——	——	246,941,776	2.18
Sept. 30, 1906 . .	262,267,240	——	——	——	——	——	——	262,267,240	6.21
Sept. 30, 1907 . .	271,084,815	——	——	——	——	——	——	271,084,815	3.36
Sept. 30, 1908 . .	272,990,357	——	——	——	——	——	142,227	273,132,584	0.76
Sept. 30, 1909 . .	280,825,809	——	——	——	——	——	182,662	281,008,471	2.88
June 30, 1911 . .	304,826,768	——	——	——	——	——	271,897	305,098,665	4.45
June 30, 1912 . .	310,077,600	——	——	——	——	——	232,409	310,310,009	1.71
June 30, 1913 . .	326,148,553	——	——	——	——	——	204,310	326,352,863	5.17
June 30, 1914 . .	342,962,091	——	——	——	——	——	218,958	343,181,049	5.16
June 30, 1915 . .	346,146,183	——	——	——	——	——	170,401	346,316,584	0.91
June 30, 1916 . .	363,303,453	——	——	——	——	——	173,588	363,477,041	4.95
Dec. 31, 1917 . .	380,819,242	——	——	——	——	——	198,096	381,017,338	1.99
Dec. 31, 1918 . .	217,203,899	——	102,619,954	28,739,858	——	——	100,989	348,664,700	**8.49***

Revenue Passengers Carried—1897 to 1936—*Concluded*

Year Ended	5c Fares	6 and 6¼c Tickets and Tokens	7c Fares	8c Fares	10c Fares	Pupils' Tickets 5c	Special Car & Motor Coach Passengers (*See Note*)	Total Revenue Passengers	Per Cent Yearly Increase
Dec. 31, 1919 . .	886,034	——	——	173,808,769	146,162,131	3,803,815	97,936	324,758,685	6.86*
Dec. 31, 1920 . .	3,846,989	——	——	——	326,496,184	5,105,588	77,800	335,526,561	3.32
Dec. 31, 1921 . .	23,915,742	——	——	——	307,624,243	5,606,105	105,990	337,252,080	0.51
Dec. 31, 1922 . .	71,425,347	——	——	——	279,851,313	5,213,664	103,618	356,593,942	5.73
Dec. 31, 1923 . .	94,170,518	——	——	——	283,660,762	4,214,132	104,285	382,149,697	7.17
Dec. 31, 1924 . .	85,218,867	9,549,775	——	——	283,569,003	4,443,228	107,975	382,888,848	0.19
Dec. 31, 1925 . .	3,853,807	55,937,785	——	——	299,107,782	6,003,917	132,995	365,036,286	§4.66*
Dec. 31, 1926 . .	1,936,219	58,803,057	——	——	304,378,164	5,971,189	129,772	371,218.401	1.69
Dec. 31, 1927 . .	2,355,682	58,890,542	——	——	299,340,854	6,178,984	172,846	366,938,908	1.15*
Dec. 31, 1928 . .	2,743,742	57,785,211	——	——	295,168,018	6,146,748	161,314	362,005,033	1.34*
Dec. 31, 1929 . .	2,612,980	56,272,366	——	——	288,789,514	6,371,689	168,441	354,214,990	2.15*
Dec. 31, 1930 . .	24,123,763	36,295,851	——	——	275,612,705	6,357,662	304,924	342,694,905	3.25*
Dec. 31, 1931 . .	67,262,611	38,625	——	——	250,941,595	6,330,862	214,884	324,788,577	5.23*
Dec. 31, 1932 . .	64,321,902	7,369	——	——	220,884,856	6,333,016	206,682	291,753,825	10.17*
Dec. 31, 1933 . .	60,309,151	3,204	——	——	201,239,625	6,036,196	257,253	267,845,429	8.19*
Dec. 31, 1934 . .	64,943,176	1,271	——	——	205,903,554	5,756,660	429,514	277,034,175	3.43
Dec. 31, 1935 . .	68,881,593	355	——	——	205,471,568	5,543,664	505,346	280,402,526	1.22
Dec. 31, 1936 . .	77,140,864	72	——	——	212,308,509	6,160,264	570,957	296,180,666	5.63

5c fare Previous to August 1, 1918.
7c Fare August 1, 1918.
8c Fare December 1, 1918.
Pupils' Tickets (5c) Jan. 1, 1919.
10c Fare July 10, 1919 (Incl. Govt. Tickets).
First 5c Fare Line (without transfer) August 23, 1919.
First 5c Local Fare Line March 26, 1921.
6c Local Fare November 5, 1924.
6¼c Local Fare July 1, 1927.
6¼c Tokens, Sept. 14, 1929.
6¼c Tickets and Tokens discontinued Aug. 31, 1930.
5c Local Fares started Sept. 1, 1930.
10c Duplex Tickets (5c Local Fares) started Nov. 28, 1930.

Note:—Previous to 1908 Special Car Passengers included with 5c Fares.

§During the years 1922, 1923 and 1924, one passenger making a single journey for which he might pay two five-cent fares was counted as two revenue passengers. The substitution in November, 1924, of six-cent tickets for five-cent cash fares often resulted in the payment of a ten-cent fare by such a passenger with a consequent reduction in the company's figures of total revenue passengers carried, though the gross passenger revenue for the year 1925 which increased $371,269.51 would indicate substantially the same number of passengers carried by the railway in 1925 and 1924.

*Bold face Denotes Decreases.

Appendix 10

Revenue Mileage—1898 to 1936

Year Ended	Rapid Transit Lines	Surface Lines					Total Passenger Service	Other Revenue Mileage	Total Revenue Mileage
		Two Men Cars	One Man Cars	Motor Coaches	Trolley Coaches	Total Surface Lines			
Sept. 30, 1898 . .	——	32,209,150	——	——	——	32,209,150	32,209,150	170,295	32,379,445
Sept. 30, 1899 . .	——	34,594,224	——	——	——	34,594,224	34,594,224	174,294	34,768,518
Sept. 30, 1900 . .	——	38,171,984	——	——	——	38,171,984	38,171,984	181,530	38,353,514
Sept. 30, 1901 . .	1,516,175	42,115,209	——	——	——	42,115,209	43,631,384	193,495	43,824,879
Sept. 30, 1902 . .	5,725,455	40,047,381	——	——	——	40,047,381	45,772,836	227,163	45,999,999
Sept. 30, 1903 . .	7,086,634	40,390,068	——	——	——	40,390,068	47,476,702	211,785	47,688,487
Sept. 30, 1904 . .	7,004,579	41,313,402	——	——	——	41,313,402	48,317,981	202,471	48,520,452
Sept. 30, 1905 . .	7,045,174	41,024,230	——	——	——	41,024,230	48,069,404	204,218	48,273,622
Sept. 30, 1906 . .	7,718,735	42,337,873	——	——	——	42,337,873	50,056,608	224,178	50,280,786
Sept. 30, 1907 . .	7,802,457	44,027,731	——	——	——	44,027,731	51,830,188	231,381	52,061,569
Sept. 30, 1908 . .	7,806,503	43,818,640	——	——	——	43,818,640	51,625,143	232,746	51,857,889
Sept. 30, 1909 . .	7,295,450	43,599,806	——	——	——	43,599,806	50,895,256	232,425	51,127,681
June 30, 1911 . .	8,523,434	45,895,457	——	——	——	45,895,457	54,418,891	228,305	54,647,196
June 30, 1912 . .	9,362,316	45,202,162	——	——	——	45,202,162	54,564,478	225,695	54,790,173
June 30, 1913 . .	11,385,787	46,118,784	——	——	——	46,118,784	57,504,571	279,748	57,784,319
June 30, 1914 . .	11,647,877	45,973,201	——	——	——	45,973,201	57,621,078	369,358	57,990,436
June 30, 1915 . .	12,081,986	45,306,117	——	——	——	45,306,117	57,388,103	417,592	57,805,695
June 30, 1916 . .	12,920,965	45,415,479	——	——	——	45,415,479	58,336,444	235,864	58,572,308
Dec. 31, 1917 . .	14,467,782	44,725,977	——	——	——	44,725,977	59,193,759	261,934	59,455,693
Dec. 31, 1918 . .	13,364,229	39,398,056	——	——	——	39,398,056	52,762,285	259,531	53,021,816
Dec. 31, 1919 . .	14,139,619	39,373,452	20,451	——	——	39,393,903	53,533,522	187,727	53,721,249

Revenue Mileage—1898 to 1936—*Concluded*

Year Ended	Rapid Transit Lines	Surface Lines					Total Passenger Service	Other Revenue Mileage	Total Revenue Mileage
		Two Men Cars	One Man Cars	Motor Coaches	Trolley Coaches	Total Surface Lines			
Dec. 31, 1920 . .	14,540,474	36,192,621	504,432	——	——	36,697,053	51,237,527	122,328	51,359,855
Dec. 31, 1921 . .	13,974,490	33,244,477	2,487,730	——	——	35,732,207	49,706,697	97,928	49,804,625
Dec. 31, 1922 . .	13,316,094	32,184,135	5,010,900	63,959	——	37,258,994	50,575,088	132,652	50,707,740
Dec. 31, 1923 . .	13,795,114	30,277,855	9,511,305	465,391	——	40,254,551	54,049,665	106,399	54,156,064
Dec. 31, 1924 . .	14,747,699	28,152,492	12,197,587	890,901	——	41,240,980	55,988,679	102,668	56,091,347
Dec. 31, 1925 . .	14,836,656	24,880,686	13,271,296	2,472,456	——	40,624,438	55,461,094	97,032	55,558,126
Dec. 31, 1926 . .	15,104,778	23,653,994	14,419,209	4,717,900	——	42,791,103	57,895,881	47,500	57,943,381
Dec. 31, 1927 . .	15,224,531	20,919,321	15,121,344	5,562,766	——	41,603,431	56,827,962	6,067	56,834,029
Dec. 31, 1928 . .	16,701,106	18,809,991	15,964,148	5,999,879	——	40,774,018	57,475,124	6,168	57,481,292
Dec. 31, 1929 . .	16,924,006	14,686,292	17,930,051	7,138,386	——	39,754,729	56,678,735	6,250	56,684,985
Dec. 31, 1930 . .	16,508,224	11,440,310	20,298,873	7,813,467	——	39,552,650	56,060,874	969	56,061,843
Dec. 31, 1931 . .	15,176,011	10,020,656	19,585,766	8,771,384	——	38,377,806	53,553,817	72	53,553,889
Dec. 31, 1932 . .	14,786,293	7,991,396	19,521,534	8,896,143	——	36,409,073	51,195,366	395	51,195,761
Dec. 31, 1933 . .	12,363,920	3,721,032	20,920,013	9,136,030	——	33,777,075	46,140,995	124	46,141,119
Dec. 31, 1934 . .	12,059,020	3,090,128	20,726,937	9,946,563	——	33,763,628	45,822,648	——	45,822,648
Dec. 31, 1935 . .	11,889,894	2,812,166	21,050,170	10,281,114	——	34,143,450	46,033,344	——	46,033,344
Dec. 31, 1936 . .	11,597,978	2,924,560	21,329,703	10,485,554	154,282	34,894,099	46,492,077	——	46,492,077

RAPID TRANSIT LINES

Elevated, Main Line, Sullivan Sq. to Dudley St. — Started June 10, 1901
Elevated, Atlantic Ave. — Started Aug. 22, 1901
Washington St. Tunnel — Opened Nov. 30, 1908
Elevated, Main Line — Extended to Forest Hills, Nov. 22, 1909
Cambridge Subway — Opened Mar. 23, 1912
Cambridge-Dorchester Tunnel to Broadway Sta. — Opened Dec. 15, 1917
Cambridge-Dorchester Tunnel — Extended to Andrew Sta., June 29, 1918
Elevated, Main Line — Extended to Everett Sta., Mar. 15, 1919
Cambridge-Dorchester Tunnel — Extended to Fields Corner, Nov. 5, 1927
Cambridge-Dorchester Tunnel — Extended to Ashmont, Sept. 1, 1928
East Boston Tunnel changed to Rapid Transit Operation, April 21, 1924
Dorchester Extension High Speed Trolley Line to Mattapan — Opened December 21, 1929
Charles Station — Opened Feb. 27, 1932
Mail Car Operations Discontinued August 14, 1915.

SURFACE CAR LINES

Tremont St. Subway, Church St. to Park St. — Opened Sept. 1, 1897
Tremont St. Subway, Pleasant St. to Park St. — Opened Oct. 1, 1897
Tremont St. Subway, Park St. to North Station — Opened Sept. 3, 1898
East Boston Tunnel — Opened Dec. 30, 1904
East Cambridge Viaduct — Opened June 1, 1912
Boylston St. Subway — Opened Oct. 3, 1914
Kenmore Station — Opened Oct. 23, 1932

Appendix 11

Comparative Division of Receipts and Expenditures for Years Ended Dec. 31

	1936	1935	1934	1933	1932
Total Receipts	$26,096,155.47	$24,926,426.46	$24,818,625.48	$24,154,373.09	$26,428,493.63
Operating Expenses:					
Wages	12,346,223.40	11,756,916.62	11,332,549.54	11,406,164.52	13,390,232.57
Material and other Items	2,090,890.27	2,131,401.89	2,024,056.24	1,907,053.77	2,193,922.34
Injuries and Damages	676,742.17	577,614.11	484,417.54	515,616.02	773,076.59
Depreciation	2,448,816.36	2,408,172.92	2,310,454.86	2,304,096.56	2,313,952.99
Fuel	847,669.79	791,307.05	743,612.31	696,716.18	871,243.67
Total Operating Expenses	$18,410,341.99	$17,665,412.59	$16,895,090.49	$16,829,647.05	$19,542,428.16
Taxes	1,573,217.91	1,520,923.60	1,407,119.47	1,479,247.50	1,404,811.28
Dividends	1,193,970.00	1,193,970.00	1,193,970.00	1,193,970.00	1,193,970.00
Subway, Tunnel and R. T. L. Rents	2,812,255.07	2,809,087.75	2,796,255.81	2,790,779.35	2,790,925.45
Interest on Bonds and Notes	3,862,562.10	3,816,444.04	3,867,092.75	3,988,664.89	3,946,631.10
Miscellaneous Items	141,277.41	149,839.71	123,586.71	119,994.56	119,173.09
Total Cost of Service	$27,993,624.48	$27,155,677.69	$26,283,115.23	$26,402,303.35	$28,997,939.08
Loss for Year	$1,897,469.01	$2,229,251.23	$1,464,489.75	$2,247,930.26	$2,569,445.45

Note:—*Profit and Loss Items not included in above.*

Appendix 12

Traffic Statistics, Years Ended December 31

	1936	1935	1934	1933
Round trips operated	6,222,871	6,134,988	6,151,314	6,166,659
Passenger revenue	$25,502,416.15	$24,347,367.76	$24,187,128.75	$23,475,404.11
Passenger revenue per mile (cents)	54.85c	52.89c	52.78c	50.88c
Passenger revenue per hour	$5.693	$5.471	$5.421	$5.204
Passenger revenue mileage	46,492,077	46,033,344	45,822,648	46,140,995
Passenger revenue hours	4,479,552	4,450,340	4,461,771	4,510,925
Revenue passengers carried	296,180,666	280,402,526	277,034,175	267,845,429
Revenue passengers carried per mile	6.371	6.091	6.046	5.805
Revenue passengers carried per hour	66.12	63.01	62.09	59.38

Appendix 13

Comparative Passenger Statistics—Revenue Passengers Carried

Year	Week Day Average	Saturday Average	Sunday Average	Holiday Average	Total for Year
1936	887,327	876,626	418,647	552,292	296,180,666
1935	843,059	828,781	399,801	521,574	280,402,526
1934	834,409	812,085	397,514	502,981	277,034,175
1933	805,668	794,068	386,439	494,365	267,845,429
1932	870,865	879,000	421,070	504,983	291,753,825
1931	971,487	997,669	460,564	558,262	324,788,577
1930	1,025,036	1,050,111	488,101	590,810	342,694,905
1929	1,049,304	1,123,058	518,093	602,071	354,214,990
1928	1,067,980	1,143,250	539,813	631,916	362,005,033
1927	1,079,087	1,166,933	555,326	661,840	366,938,908

Appendix 14

Ratio of Maintenance and Depreciation to Total Income, Per Cent.

Year Ended	Total Income	Maintenance and Depreciation	Per Cent
December 31, 1936	$26,096,155.47	$6,505,769.78	24.93
December 31, 1935	24,926,426.46	6,326,658.07	25.38
December 31, 1934	24,818,625.48	6,007,231.01	24.20
December 31, 1933	24,154,373.09	5,899,833.49	24.43
December 31, 1932	26,428,493.63	6,661,106.46	25.20
December 31, 1931	29,855,107.30	7,903,344.74	26.47
December 31, 1930	32,510,721.17	8,311,029.03	25.56
December 31, 1929	34,096,623.03	8,284,093.66	24.29
December 31, 1928	34,843,147.51	8,595,987.73	24.67
December 31, 1927	35,193,410.03	8,639,138.59	24.55

Appendix 15

Comparative Power Statistics

	1936	1935	1934	1933	1932
Tons of coal burned	123,296	122,240	122,635	125,126	150,758
Pounds of coal per D. C. kilowatt hour	1.362	1.359	1.355	1.403	1.531
Average price of coal per long ton (at boilers)	$4.80	$4.53	$4.34	$4.16	$4.54
Net cost of power for car service per kilowatt hour (cents)	0.753	0.761	0.716	0.721	0.787
Net cost of power per total car mile (cents)	4.037	4.030	3.778	3.582	3.761
Direct current annual output (k. w.)	202,736,175	201,497,540	202,663,915	199,808,155	220,565,340

LOAN ASSESSMENTS ON CITIES AND TOWNS—CHAPTER 159, SPECIAL ACTS 1918, AS AMENDED

Cities and Towns	1932 Assessment For 12 mos. ended June 30, 1932		1933 Assessment For 12 mos. ended June 30, 1933		1934 Assessment For 12 mos. ended June 30, 1934		1935 Assessment For 9 mos. ended March 31, 1935		1936 Assessment For 12 mos. ended March 31, 1936	
	Per Cent	Amount	Per Cent	Amount	Per Cent	Amount	Per Cent	Amount	Per Cent	Amount
Boston . . .	66.3766	$1,178,409.53	64.9186	$1,787,289.65	66.3329	$1,029,242.48	68.2640	$953,230.85	67.1546	$1,400,980.86
Cambridge . .	8.4367	149,780.01	8.5531	235,477.46	7.6351	118,468.65	7.0485	98,424.47	8.2764	172,662.45
Somerville . .	6.3690	113,071.33	6.1072	168,138.80	6.1061	94,744.20	5.3876	75,231.85	5.3853	112,348.26
Brookline . .	3.7385	66,371.04	4.5104	124,176.91	3.9319	61,008.62	4.4547	62,204.93	3.9949	83,341.69
Malden . . .	3.1137	55,278.72	3.6147	99,517.18	3.7299	57,874.32	3.2942	45,999.85	3.1767	66,272.39
Medford . . .	2.9981	53,226.43	3.4001	93,608.97	3.6014	55,880.47	3.2060	44,768.23	3.2638	68,089.47
Everett . . .	2.0768	36,870.24	2.2718	62,545.48	2.0238	31,401.93	2.0002	27,930.57	2.1187	44,200.37
Watertown . .	1.9601	34,798.42	2.0002	55,067.99	1.7951	27,853.35	1.6729	23,360.19	1.5670	32,690.79
Arlington . .	1.5549	27,604.74	1.3296	36,605.54	1.3961	21,662.33	1.3526	18,887.55	1.7067	35,605.22
Belmont . . .	1.0046	17,835.05	1.0371	28,552.65	.9786	15,184.27	.9120	12,735.07	.9694	20,223.65
Chelsea . . .	.9437	16,753.87	1.0349	28,492.08	1.0065	15,617.18	.9570	13,363.44	.9404	19,618.65
Newton . . .	.7911	14,044.71	.5711	15,723.09	.7416	11,506.90	.7020	9,802.65	.6943	14,484.50
Milton . . .	.6362	11,294.71	.6512	17,928.34	.7210	11,187.27	.7483	10,449.18	.7518	15,684.07
Totals . .	100.00%	$1,775,338.80	100.00%	$2,753,124.14	100.00%	$1,551,631.97	100.00%	$1,396,388.83	100.00%	$2,086,202.37

Based on traffic counts made July 15, 16, 17, 18, 1932; July 14, 15, 16, 17, 1933; July 20, 21, 22, 23, 1934; April 26, 27, 28, 29, 1935 and April 24, 25, 26, 27, 1936 in accordance with the provisions of Section 14, Chapter 159, Special Acts 1918.

In addition to the above amounts, the expenses of the Commonwealth of Massachusetts for financing the loan assessments are also assessed to cities and towns pro-rata on above percentages. The expenses were for 1932, $8,261.20; 1933, $6,063.55; 1934, $480.19; 1935, $1,639.59, and 1936, $1,975.03.

Appendix 17

Passenger Cars, Motor and Trolley Coaches Owned December 31, 1936

Surface Cars

Semi-Convertible Cars—Type No. 5	470	
Semi-Convertible Cars—Type No. 4	266	
Semi-Convertible Cars—Type No. 4000	59	
Centre Entrance Cars	387	
Trailer Cars	84	
Total Surface Cars		1,266

Rapid Transit Cars

Elevated Cars	325	
Cambridge-Dorchester Tunnel Cars	155	
East Boston Tunnel Cars	48	
Total Rapid Transit Cars		528
Total Surface and Rapid Transit Cars		1,794

Motor Coaches

Mechanical Drive	399	
Mechanical Drive (Diesel)	1	
Gas-Electric Drive	34	
Total Motor Coaches		434

Trolley Coaches

Trolley Coaches	32
Total Passenger Cars, Motor and Trolley Coaches Owned Dec. 31, 1936	2,260

NINETEENTH

ANNUAL REPORT

OF THE

BOARD OF PUBLIC TRUSTEES

OF THE

BOSTON ELEVATED RAILWAY COMPANY

FOR THE

Year Ended December 31, 1937

The information contained herein is not given in connection with any sale, offer for sale or solicitation of an offer to buy any securities.

NINETEENTH

ANNUAL REPORT

OF THE

BOARD OF PUBLIC TRUSTEES

OF THE

BOSTON ELEVATED RAILWAY COMPANY

FOR THE

Year Ended December 31, 1937

BOARD OF PUBLIC TRUSTEES

(Appointed by the Governor of Massachusetts pursuant to Chapter 159 of the Special Acts of 1918)

EDWARD E. WHITING, *Chairman*

WILLIAM P. JOY*	HENRY J. SMITH, *Secretary*
ERNEST A. JOHNSON	PATRICK J. WELSH

OFFICERS

(Appointed by the Trustees)

EDWARD DANA	*President and General Manager*
JOHN H. MORAN	*Vice-president and Treasurer*
MICHAEL H. CULLEN	*General Auditor*
WILLIS B. DOWNEY	*General Counsel*
MAURICE P. SPILLANE	*General Attorney*

* William P. Joy was appointed January 18, 1938 and qualified on January 26, 1938 to fill the unexpired term of Henry I. Harriman, resigned.

REPORT OF THE BOARD OF PUBLIC TRUSTEES

OF THE

BOSTON ELEVATED RAILWAY COMPANY

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Report of the Board of Public Trustees of the Boston Elevated Railway Company

During the calendar year 1937 the income of the Boston Elevated Railway Company was $156,378.32 less than in 1936. Revenue was, however, $1,785,404.06 greater than in 1933, the year in which occurred the low level of riding.

The decrease in 1937 indicates how sensitive the riding on such a transportation system is to general business activity. Revenue increased slightly during the first six months but decreases occurred as general business activity lessened. The loss in the last three months amounted to 2.8%. The effect of reduced business activity was not confined to the Boston Elevated Railway Company. Transportation systems generally experienced similar losses in riding and revenue.

Results of Operation

The following figures summarize operations:

	1937 Years Ended December 31	1936 Years Ended December 31	Increase or (*) Decrease Total	Increase or (*) Decrease Per cent.
Total Receipts	$25,939,777.15	$26,096,155.47	**$156,378.32***	**0.60***
Operating Expenses				
Wages	$12,709,180.69	$12,346,223.40	$362,956.69	2.94
Materials and Other Items	2,119,136.67	2,090,890.27	28,246.40	1.35
Injuries and Damages	594,605.71	676,742.17	**82,126.46***	**12.14***
Depreciation	2,447,321.91	2,448,816.36	**1,494.45***	**0.06***
Fuel	840,559.47	847,669.79	**7,110.32***	**0.84***
Total Operating Expenses	$18,710,803.85	$18,410,341.99	$300,461.86	1.63
Fixed Charges				
Taxes	1,669,002.46	1,573,217.91	95,784.55	6.09
Dividends	1,193,970.00	1,193,970.00	—	—
Subway, Tunnel & R. T. L. Rents	2,822,629.46	2,812,255.07	10,374.39	0.37
Interest on Bonds	3,939,114.19	3,862,562.10	76,552.09	1.98
Miscellaneous Items	130,281.38	141,277.41	**10,996.03***	**7.78***
Total Fixed Charges	$9,754,997.49	$9,583,282.49	$171,715.00	1.79
Total Cost of Service	$28,465,801.34	$27,993,624.48	$472,176.86	1.69
Net Loss	$2,526,024.19†	$1,897,469.01†	$628,555.18	33.12
Revenue Passengers Carried	296,397,493	296,180,666	216,827	0.07
Revenue Miles Operated	46,796,328	46,492,077	304,251	0.65

†A deficit assessment is determined upon the basis of the Railway's fiscal year which terminates as of March 31.

*Indicates decrease.

It is not possible to reduce costs sufficiently to meet this situation in view of the fact that 34% of the total cost of service is comprised of fixed and definite charges which cannot be altered and that almost 45% of the total cost is payroll cost.

Basic Data for Period of Public Control

Calendar Years

Year Ended Dec. 31	Revenue Passengers	Revenue Miles	Receipts	Operating Expenses	Fixed Charges (See Note)	Miscl. Deductions	Net Result of Operations	Oper. Exp. Per Rev. Pass. (Cents)	Fixed Charges Per Rev. Pass. (Cents)
1919.....	324,758,685	53,721,249	$29,498,582.82	$23,700,339.41	$7,873,683.38	$306,659.91	$2,382,099.88*	7.30c	2.42c
1920.....	335,526,561	51,359,855	34,031,636.44	25,769,122.11	8,342,668.69	267,012.88	347,167.24*	7.68	2.48
1921.....	337,252,080	49,804,625	33,277,025.53	22,843,056.99	9,006,357.65	256,166.02	1,171,444.87	6.77	2.67
1922.....	356,593,942	50,707,740	32,699,176.37	22,088,458.75	9,073,591.28	124,937.26	1,412,189.08	6.19	2.54
1923.....	382,149,697	54,156,064	34,096,813.26	24,130,253.41	9,189,868.68	97,059.61	679,631.56	6.31	2.40
1924.....	382,888,848	56,091,347	34,175,319.61	25,222,133.56	9,355,944.91	233,937.54	636,696.40*	6.59	2.44
1925.....	365,036,286	55,558,126	34,547,379.61	24,405,735.57	9,462,371.51	177,078.68	502,193.85	6.69	2.59
1926.....	371,218,401	57,943,381	35,481,313.38	26,076,268.11	9,713,154.75	174,639.64	482,749.12*	7.02	2.61
1927.....	366,938,908	56,834,029	35,193,410.03	25,132,332.81	9,705,521.39	132,740.34	222,815.49	6.85	2.64
1928.....	362,005,033	57,481,292	34,843,147.51	24,900,188.69	9,719,134.04	183,773.76	40,051.02	6.88	2.68
1929.....	354,214,990	56,684,985	34,096,623.03	24,024,747.23	9,871,709.99	106,093.17	94,072.64	6.78	2.78
1930.....	342,694,905	56,061,843	32,510,721.17	23,527,974.68	10,048,505.49	68,879.81	1,134,638.81*	6.87	2.93
1931.....	324,788,577	53,553,889	29,855,107.30	22,250,748.25	9,428,547.27	80,757.13	1,904,945.35*	6.85	2.90
1932.....	291,753,825	51,195,761	26,428,493.63	19,542,428.16	9,322,878.62	132,632.30	2,569,445.45*	6.70	3.19
1933.....	267,845,429	46,141,119	24,154,373.09	16,829,647.05	9,461,842.77	110,813.53	2,247,930.26*	6.28	3.53
1934.....	277,034,175	45,822,648	24,818,625.48	16,895,090.49	9,310,234.87	77,789.87	1,464,489.75*	6.10	3.36
1935.....	280,402,526	46,033,344	24,926,426.46	17,665,412.59	9,387,071.91	103,193.19	2,229,251.23*	6.30	3.35
1936.....	296,180,666	46,492,077	26,096,155.47	18,410,341.99	9,488,166.08	95,116.41	1,897,469.01*	6.22	3.20
1937.....	296,397,493	46,796,328	25,939,777.15	18,710,803.85	9,670,191.13	84,806.36	2,526,024.19*	6.31	3.26

* Denotes excess cost of service over receipts.
Note:—Fixed charges include subway rentals, rent of leased roads, taxes, dividends and interest on bonds.

Basic Data for Period of Public Control
Trustee Years Ended June 30 and March 31

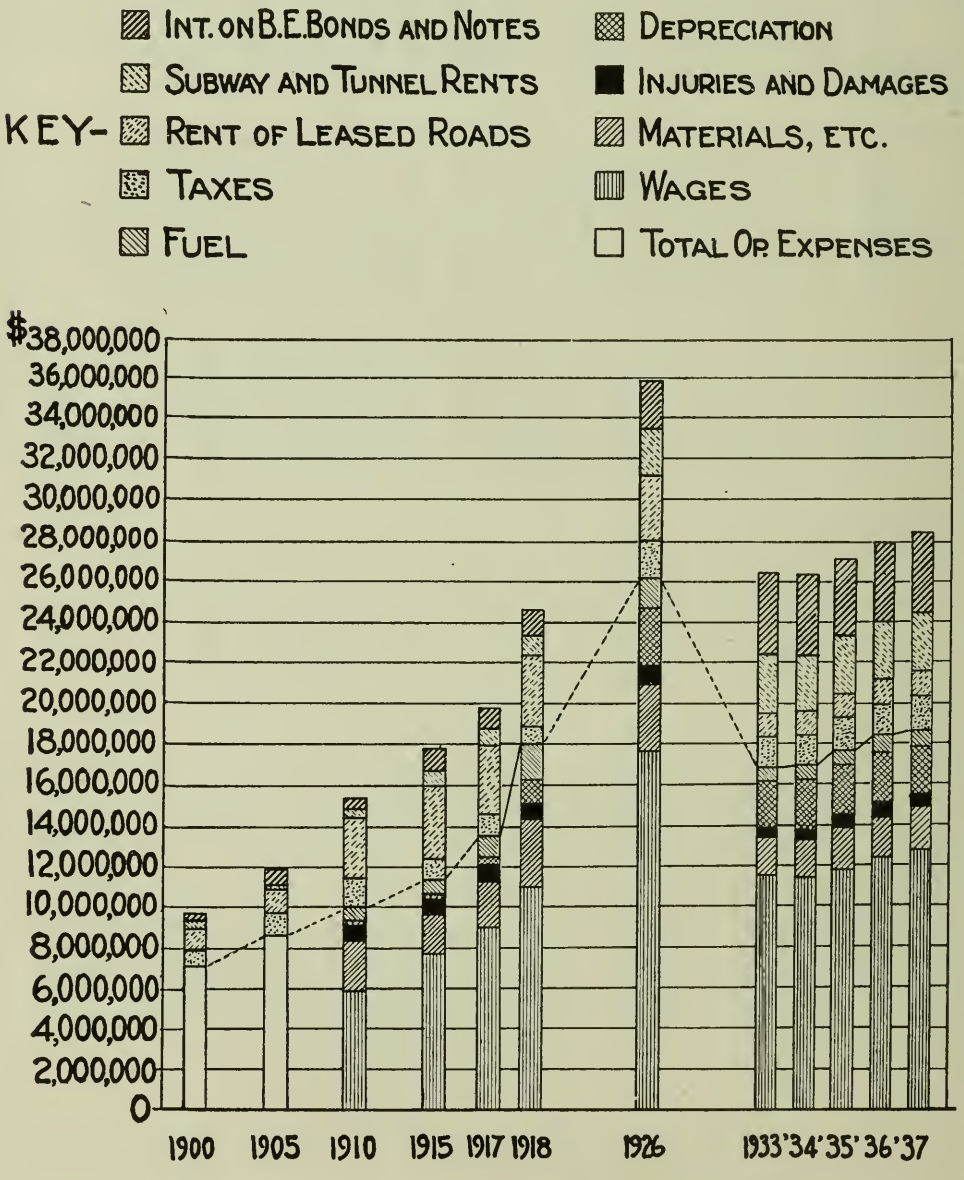
Year Ended June 30	Revenue Passengers	Revenue Miles	Receipts	Operating Expenses	Fixed Charges (See Note)	Miscellaneous Deductions	Result of Operations (*For Losses)	Net Adj. Result of Operations Incl. Profit and Loss Items (*For Losses) Assessed)
1919	331,348,124	53,569,606	$25,225,575.63	$22,362,171.97	$7,560,212.67	$716,611.21	$5,413,420.22*	$5,415,500.13§
1920	324,192,374	51,865,314	32,671,515.53	24,348,226.45	8,029,594.14	311,304.81	17,609.87*	17,079.95
1921	337,381,994	51,048,015	34,200,286.06	25,102,902.39	8,744,033.15	245,304.75	108,045.77	550,253.52
1922	345,545,009	49,774,298	32,698,965.01	22,113,783.76	9,086,894.45	195,603.45	1,302,683.35	1,385,211.44
1923	373,689,603	52,085,801	33,612,335.20	22,906,489.22	9,183,967.83	93,088.85	1,428,789.30	1,114,557.82
1924	386,263,158	56,068,563	34,262,009.46	25,009,657.54	9,233,372.93	163,181.43	144,202.44*	0.00
1925	370,729,801	55,670,491	34,198,250.91	24,606,418.26	9,412,380.77	210,735.98	31,284.10*	20,581.33
1926	368,932,079	56,552,827	35,087,845.89	25,306,433.69	9,622,903.89	168,562.92	10,054.61*	22,304.46
1927	371,893,575	57,970,731	35,618,066.06	25,834,928.57	9,720,918.98	138,818.02	76,599.51*	60,660.25
1928	363,576,565	57,188,342	35,009,933.28	24,937,185.81	9,674,559.56	169,170.88	229,017.03	895,518.01
1929	356,507,228	57,253,904	34,312,806.18	24,473,329.19	9,857,650.77	161,979.55	180,153.33*	0.00
1930	349,441,431	56,276,807	33,597,154.90	23,707,378.01	9,868,002.52	72,752.68	50,978.31*	0.00
1931	336,693,586	55,015,807	31,202,319.98	22,992,883.56	10,106,115.81	69,009.97	1,965,689.36*	1,969,473.12†
1932	310,919,428	52,806,825	28,376,280.28	21,386,862.60	9,001,671.68	108,548.38	2,120,802.38*	1,775,338.80*
1933	272,448,444	47,887,434	24,632,326.42	17,671,635.53	9,536,605.55	144,336.60	2,720,251.26*	2,753,124.14*
1934	275,723,393	46,015,449	24,753,158.12	16,896,758.04	9,369,839.17	76,121.66	1,589,560.75*	1,551,631.97*
March 31								
1935‡	207,065,714	34,144,810	18,500,541.01	12,888,265.26	6,935,419.91	67,126.55	1,390,270.71*	1,396,388.83*
1936	282,989,838	46,233,477	25,086,709.97	17,854,394.81	9,387,995.81	102,450.51	2,258,131.16*	2,086,202.37*
1937	296,335,489	46,563,392	26,073,097.59	18,280,433.47	9,552,026.07	89,354.29	1,848,716.24*	1,799,357.27*

Note:—Fixed charges include subway rentals, rent of leased roads, taxes, dividends and interest on bonds.
†This deficit for year ended June 30, 1931 ($1,969,473.12) was not assessed upon the cities and towns in the District—Sec. 22, Chap. 333, Acts 1931
§Of this loss $4,980,151.67 was assessed and was repaid by the Railway between 1922 and 1931.
‡9 Months Period.

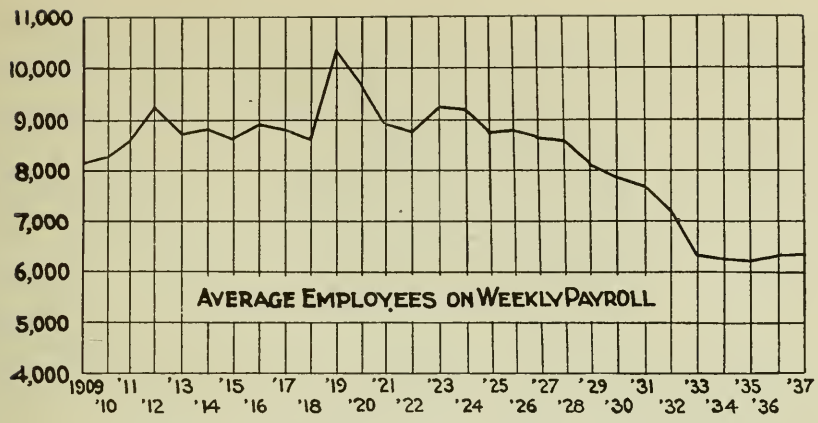
Total operating expenses increased $300,461.86. Partial restoration of hours for employees on a short time week and wage agreement adjustments cost $362,956.69.

The payroll of the Elevated in 1926 was $18,537,107.38 as compared with $13,098,300.29 in 1937, and the number of employees has been kept at a minimum consistent with the requirements of the service.

Thus it is apparent that the railway has been forced by declining revenues and by the weight of fixed charges to reduce operating expenses and consequently its service to the public as far as reasonably possible. On the other hand, the cities and towns served by the railway have expanded their services, as is



GRAPHICAL RECORD OF OPERATING AND OVERHEAD EXPENSES
MISCELLANEOUS ITEMS INCLUDED WITH INTEREST
CALENDAR YEARS



shown by the increase in their total payroll costs, omitting welfare and pension payments, of from $51,191,468. in 1926 to $62,-066,937. in 1935.

In 1926 the average number of employees was 8,793 and the number of revenue passengers carried per employee was 42,220. In 1937 the average number of employees was 6,329 and the number of revenue passengers carried per employee was 46,830.

Wage Agreements

The employees are to a large extent covered by agreements with labor organizations. There are in all 25 different organizations. The following table shows the number of employees, as of the week ending September 17, 1937, under the jurisdiction of various labor unions and the number not affiliated with labor unions:

4,070	Amalgamated Association of Street and Electric Railway Employees of America, Div. No. 589.
518	United Building Trades Unions.
338	International Association of Machinists and Boston Lodge No. 264 Thereof.
202	International Brotherhood of Electrical Workers and Local No. 104 Thereof.
78	International Brotherhood of Stationary Firemen and Local No. 3 Thereof.
54	International Brotherhood of Electrical Workers and Local No. 717 Thereof.
33	Order of Railroad Telegraphers and Div. No. 89 Thereof.
30	Bridge, Structural, Reinforced and Ornamental Iron Workers, Local No. 7.
14	International Union of Steam and Operating Engineers, Local No. 849.
4	Foundrymen of Boston and Vicinity.
3	Metal Polishers Union, Local No. 95.
3	Pattern Makers' Association of Boston and Vicinity.
2	International Union of Steam and Operating Engineers, Local No. 74.
556	In supervisory positions over union employees, whose rates are affected by union agreements.
449	Whose rates are not directly affected by union agreements.
66	Monthly paid employees.
5	Executive officers.
6,425	

At the end of the year there were 536 employees on the pension list. The payments averaged $32.79 per month and amounted to $221,858.40 for the year, which is equivalent to 1.69 per cent. of the amount paid for wages.

The situation with regard to salaries on the Elevated and on other rapid transit properties is shown in the following table of officials who receive $6,000. or more per year:

		Per cent. of Operating Expenses
Boston Elevated Railway Company . .	15	0.76
Brooklyn-Manhattan Transit Corp., N. Y. .	42	1.70
Interborough Rapid Transit Co., N. Y. .	43	1.17
Philadelphia Rapid Transit Co. . . .	44	1.54

Depreciation

The depreciation charge amounted to $2,447,321.91 for the year. This represents 9.4% of gross income and 3% on the depreciable property.

It is based upon a careful computation of the estimated life of the component parts of the physical plant and is the source from which replacements of worn-out equipment are made.

Fixed Charges

The fixed charges, over which the Trustees have no control, increased $171,715.00 over the previous year.

Social security taxes amounting to $378,569.78 are included in the cost of service. This charge did not exist prior to 1936, and in that year amounted to $126,884.71.

Included in the cost of service during the year 1937 are payments made in excess of actual interest requirements for the purpose of retiring City, State and Boston Metropolitan District bonds, as follows:

City of Boston a/c subways	$ 401,820.69
State of Mass. a/c Cambridge Subway . .	78,335.00
Metropolitan District a/c bonds . . .	1,355,893.34
	$1,836,049.03

In other words $1,836,049.03 was paid for the year on the principal of outstanding subway and district bonds. A continuation of this policy will rapidly reduce the public investment in the system and ultimately will make possible a substantial reduction in the cost of service.

The operation of the sinking fund provisions has resulted in a net reduction of more than one-quarter of the subway debt from rentals paid by the Elevated as shown by the following table:

Subway or Tunnel	Total Debt Issued	Estimated Net Debt Dec. 31, 1937	Net Reduction in Transit Debt by Car Riders Amount	Per cent.
Tremont Subway	$4,761,006.	$129,200.	$4,631,800.	97.29
Washington Tunnel	8,521,700.	2,7594,00.	5,762,300.	67.62
Cambridge Connection	1,653,000.	972,900.	680,100.	41.14
East Boston Tunnel	9,794,000.	6,272,100.	3,521,900.	35.95
Dorchester Tunnel	12,200,000.	10,711,500.	1,488,500.	12.20
Boylston Subway	6,731,000.	6,318,500.	412,500.	6.13
Dorchester Rapid Transit	10,985,000.	10,480,800.	504,200.	4.59
	$54,645,700.	$37,644,400.	$17,001,300.	31.11
Cambridge Subway	8,229,500.	7,242,000.	987,500.	12.00
Totals	$62,875,200.	$44,886,400.	$17,988,800.	28.61

Payments to the Boston Metropolitan District in excess of interest requirements have already reduced the district debt 5.5%.

	Total Debt Issued	Total Debt Dec. 31, 1937	Net Reduction in District Debt by Car Riders Amount	Per cent.
Boston Metropolitan District Bonds	$61,457,000.	$58,092,000.	$3,365,000.	5.5

The deficit assessments for the years 1932 to 1937 totaled $11,362,043.38, and during that same period payments which were a part of the cost of service and which were used to reduce public indebtedness amounted to $5,338,853.60.

Included in the total of fixed charges is the annual payment of $1,193,970 representing the five per cent. dividend upon the common stock. The message of His Excellency the Governor, Charles F. Hurley, deals with this dividend charge. A reduction in this fixed charge would result in savings in the railway's cost of service.

Operating Expenses

The operating expenses during the year were $18,710,803.85, divided as follows:

Wages	$12,709,180.09
Materials	2,119,136.67
Injuries and Damages	594,605.71
Depreciation	2,447,321.91
Fuel	840,559.47
Total	$18,710,803.85

What would be the result if operating expenses were to be reduced by 3 million dollars to avoid any deficit? This would be a reduction of 16%. Operating expenses are largely determined by the mileage of service operated. A 16% reduction in operating expenses would reduce the miles operated by approximately 7 million. This would be about the same mileage as was operated in the year 1900. It requires little imagination to picture the effect of this reduction upon service and revenue, to say nothing of its effect upon employment. It would require the layoff of more than 1,000 employees.

If, instead of reducing all items of operating expenses by reduction of mileage, the payroll alone should be reduced 3 million

dollars, it would mean an annual reduction from $12,709,180. to $9,709,180. or 23.6%. This is equivalent to approximately $9.00 per week per employee. The deficit cannot be prevented by reduction of operating expenses. The deficit results from the fixed charges by reason of the enormous investment made to provide rapid transit facilities.

The Department of Public Utilities, which by law is required to make an investigation of the operations and expenses of the Elevated each year in which a deficit occurs, has stated in four reports that there is a point beyond which reduction in operating expenses cannot go without serious curtailment in service which may result in serious loss of revenue.

The following figures show the cost of service per revenue passenger:

	1937 (Cents)	1927 (Cents)	1919 (Cents)
Taxes	.56	.51	.32
Dividends	.40	.84	.89
Rent of Subways, Tunnels & R.T.L.	.95	.61	.47
Interest on Bonds and Notes	1.33	.69	.80
Total Fixed Charges	3.24	2.65	2.48
Wages	4.29	4.56	4.79
Materials and other Items	.76	.88	1.16
Injuries and Damages	.20	.33	.21
Depreciation	.83	.77	.62
Fuel	.28	.34	.56
Total Operating Expenses	6.36	6.88	7.34
Total Cost of Service	9.60	9.53	9.82
Total Revenue per Passenger	8.55	9.59	9.08

These figures show that operating expenses per revenue passenger have been reduced, but that fixed charges (over which the Trustees have no control) per revenue passenger have materially increased.

Large Fixed Charges for Rapid Transit Facilities

The simple facts are that the Boston Elevated system, built over a long period of years under different conditions, at a total cost of $179,031,418.87, was designed to carry, and is capable of carrying, many more people than it does carry.

This heavy investment in transportation facilities came about in early days because of Boston's narrow streets and relatively small business center, largely surrounded by water, and before the automobile was an established fact.

Other comparable cities have not been required to provide subways and the following differences are marked:

	Investment	Revenue Passengers
Boston	179 millions	296 millions
Detroit	59 millions	273 millions
Cleveland	35 millions	343 millions

In the other cities where rapid transit exists the car riders do not carry the full costs as in Boston. In New York the taxpayers pay 31½ million dollars annually to support the cost of service on their three rapid transit systems, and the taxpayers in Philadelphia pay 6½ million dollars annually to support the cost of rapid transit service in that city.

The following comparison for the 12 months ended June 30, 1937, of the street railway in Detroit and the Boston Elevated indicates the great difference in fixed charges between the two cities, Boston's investment being more than three times that of Detroit:

	DETROIT		BOSTON	
	Amount	Each Dollar	Amount	Each Dollar
Operating Expenses	$15,142,809.45	79.32c	$18,575,456.65	66.03c
Fixed Charges	3,946,974.83	20.68c	9,556,547.25	33.97c
Totals	$19,089,784.28	$1.00	$28,132,003.90	$1.00
Investment	59 millions		179 millions	
Revenue Passengers Carried	273 millions		298 millions	

These figures show that with approximately the same number of revenue passengers in each city it requires 33.97 cents out of each dollar in Boston for fixed charges and only 20.68 cents in Detroit. This means that in Boston only 66.03 cents of each dollar are available for operating whereas Detroit has available for operating expenses 79.32 cents.

It is necessary in considering the Elevated problem to look at the vital facts. Comparing 1909 with 1937, nearly 30 years apart, the figures show the outstanding changes that have taken place.

	1909	1937	Incr.	Decr.
	Years ended December 31		Per cent.	
Investment	$81,592,634.	$179,031,419.	119.4	—
Revenue Passengers	281,008,471	296,397,493	5.5	—
Miles Operated	51,127,681	46,796,328	—	8.5
Total Income	$14,493,853.	$25,939,777.	79.0	—
Operating Expenses	$ 9,688,484.	$18,710,804.	93.1	—
Fixed Charges	4,766,455.	9,754,997.	104.6	—
Total Cost of Service	$14,454,939.	$28,465,801.	96.9	—
Employees	8,112	6,329	—	22.0
Average Fare	4.99c	8.54c	71.1	—
Revenue Passengers per Mile	5.50	6.33	15.1	—
Revenue Passengers per Employee	34,640	46,830	35.2	—
Rides per Capita	278	196	—	29.5

These figures show that the investment has increased 119.4% in this period while revenue passengers only increased 5.5% and the rides per capita, because of the automobiles and other business factors, actually decreased 29.5%. They also show that if the operating mileage and number of employees had not been reduced, resulting in an increase in the passengers carried per mile and per employee, there would have been an even greater deficit.

Decentralization of Business Boston

The Boston Elevated Railway was built with radial lines serving a limited central section of Boston. Its success, in view of the heavy investment, depends upon increased business activity in this limited area. The community is vitally interested to see that the Elevated receives the greatest possible use. Except to the extent of 14.85% (the amount of common stock investment), the "El" is in no sense a private affair, because 85.15% of its investment is represented by public or private bonds held in large measure by fiduciary institutions.

Under such conditions it is a serious matter to have buildings in which car riders were employed torn down and the ground utilized to park automobiles used for individual transportation in and out of a shrinking central area. It is likewise serious to have approximately 1,480† taxicabs in a city that could be adequately served with necessary taxi service with 1,000 cabs, with the result that many of them are used in illegal competition with the transit system in transporting persons in and out of Boston at less than established taxi rates, and add to the traffic congestion in the narrow, already overcrowded thoroughfares—thoroughfares which were supposed to be relieved for free movement of vehicles by the expenditure of millions of dollars to place street cars underground.

Boston has limited downtown space. Far-sighted persons saw that underground mass transit was an answer to continued activity in such a restricted area and built accordingly. Today forces are at work diametrically opposed to the purpose for which the subways were constructed. The net result will be further decentralization, which will render less essential this vast transportation system which was designed to render service predicated upon different conditions.

Local Riding

During the year 1937, 80,477,621 passengers were carried at 5 cents. This represented 27% of the total passengers carried and the percentage has been increasing during recent years as follows:

Year	5c Passengers*	Total Revenue Passengers	Per cent. of 5c Passengers
1931	67,262,611	324,788,577	20.71
1932	64,321,902	291,753,825	22.05
1933	60,309,151	267,845,429	22.52
1934	64,943,176	277,034,175	23.44
1935	68,881,593	280,402,526	24.57
1936	77,140,864	296,180,666	26.05
1937	80,477,621	296,397,493	27.15

*Not including pupils' 5c tickets, which totaled 5,935,804 for the year 1937.

Theoretically, if these persons paid a 10-cent fare the revenue would increase by $4,023,881. and there would be no deficit. To the extent, however, that they did not continue to ride at an increased fare this figure would be reduced.

†Boston has 552 persons per licensed taxicab whereas Chicago has 862 persons.

296,397,493 revenue passengers were carried during 1937, and the average fare was 8.54 cents.

Universal Five-Cent Fare

It has been suggested by some that a universal 5-cent fare would produce sufficient additional riding to prevent a deficit.

In the year 1917, with fewer automobiles in use, the railway carried for a 5-cent fare 381 million passengers. It now carries 296 million. Assuming that all the riders returned and that 400 million could be carried for a 5-cent fare, the revenue would be 20 million dollars. To carry 104 million more people would increase operating expenses by approximately $5,000,000., which added to the cost of service for the year 1937 would increase it from $28,465,801. to $33,465,801. As the revenue from fares would be only 20 million dollars, the deficit would be more than $13,000,000., or more than five times greater than the actual deficit for 1937.

Cost of Operating Rapid Transit Trains

The 1935 Act which required a guard to every two cars adds under present operation $140,000. to the yearly cost of service. The record of accidents does not justify the added cost. Previous to multiple door control the door accidents per million miles were 36.64. While multiple door operation was in effect they were 23.48 per million miles and since the Act became effective they have been 27.22 per million miles. The Act results in a wage cost per hour for a six-car train of $3.17 in Boston as compared with other rapid transit systems as follows:

New York Municipal	$1.70 per hour
Interborough Rapid Transit . . .	1.64 " "
Brooklyn-Manhattan Transit Corp. . .	1.53 " "
Philadelphia Rapid Transit . . .	1.53 " "

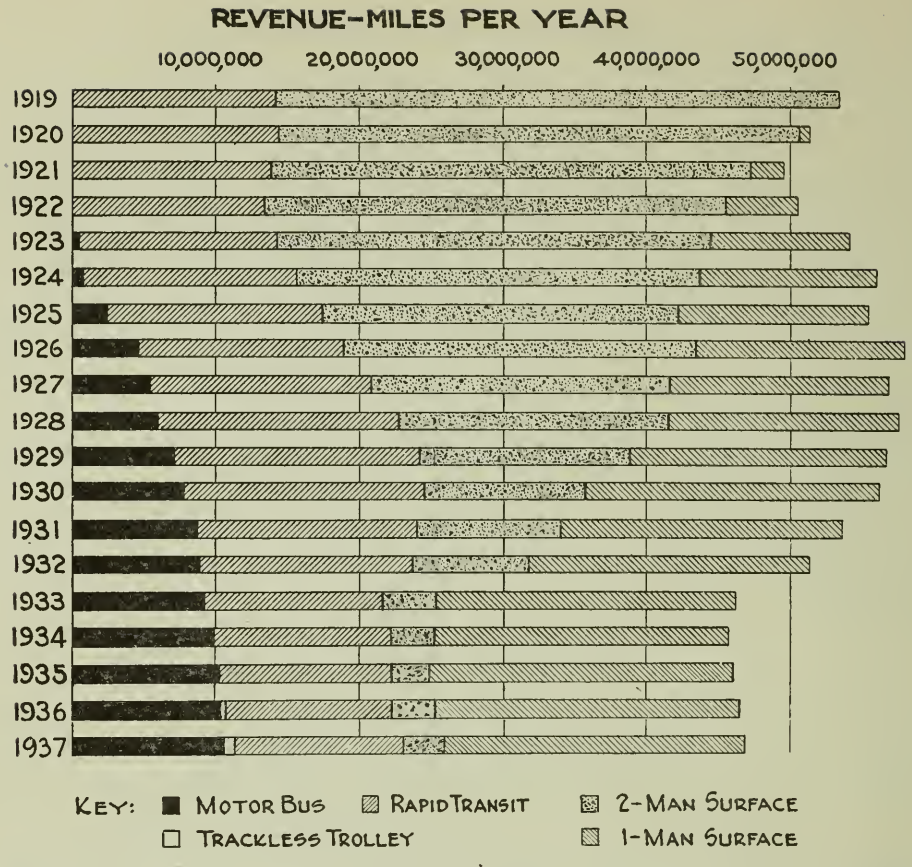
It is because of these facts that the trustees have filed a bill for the repeal of the 1935 Act.

Trackless Trolley Service

The Railway has in operation or under construction 27.75 miles of round trip trackless trolley service. 28.5% of this mileage has more than the standard four-wire overhead construction to permit surface car operation over car routes which are in part trackless trolley routes, and to bring cars from storage yards to car routes.

Our experience thus far indicates that the operating costs per mile are slightly less for the trackless trolley than the gas bus, reflected largely in the cost of maintenance of the vehicle and the power cost.

The initial cost of both vehicles is substantially the same, but the annual depreciation charge, owing to longer life of the trackless trolley, is approximately $400. per year less than for the gas bus.



Because of the substitution of gas buses and trackless trolleys for street car service, there has been made available space in carhouses for the storage and maintenance of trackless trolleys. Trackless trolley operation, therefore, has not resulted in any large increase in housing investment. On the other hand, the railway has had to construct garages to house and maintain its fleet of buses.

In view of the existing investment in power generation and distribution system, and the fact that the cost of a trackless trolley and a gasoline bus is approximately the same, it is evident that, where practical from a traffic standpoint to operate trackless trolleys, it is more economical to do so than to operate gasoline buses, due to the lower per annum cost for depreciation, lower per mile operating cost and no gasoline tax.

Purchase of Bus Line

At midnight on December 31, 1937, the Rawding Lines, Inc., discontinued the operation of service between State street on Atlantic avenue and the Commonwealth Pier and between South Station and the Army Base and the railway took over from them 18 buses; for which they paid $25,000.

The railway is therefore now operating all service on Summer Street Extension to the Commonwealth Pier and to the Army Base.

It is anticipated that the revenue of the railway will be increased by the amount formerly received by Rawding Lines, Inc., and the railway service will be adjusted to the riding requirements without adding to its present burden.

The competitive service formerly operated by the two companies was not consistent with the uniform transportation service furnished by the railway in the Metropolitan district.

Huntington Avenue Subway

Contract has been made with the City of Boston for the use of the Huntington Avenue Subway and of the equipment to be provided and furnished under authority of Chapter 366 of the Acts of 1933 as amended by Chapter 159 of the Acts of 1937.

This subway will connect with the Boylston Street Subway at a point near Exeter street and come to the surface in Huntington avenue at a point between Garrison and West Newton streets.

The contract provides that there shall be no obligation to pay rental for use of this subway unless earnings are sufficient to cover all costs of service and repayment to the Commonwealth of outstanding loan assessments.

This contract is similar to the one for use of the Governor Square Extension of the Boylston Street Subway, under which there is no obligation to pay rental unless earnings are sufficient to cover all costs of service, and restoration of the reserve fund originally established under the public control act.

Reduction in Complaints

The average number of complaints received during the years 1923 to 1936 inclusive was 1,285 per year, 22% having reference to service and 78% to employees.

During 1937 the number of complaints was 1,124, or 12½% less than the average for the fourteen previous years. All complaints are given attention. Many of them are due to misunderstandings which are satisfactorily adjusted after personal interview by a representative of the railway with the complainant.

Reduction in the Use of "Slugs"

At the present time the railway has installed 151 slug ejectors, an automatic device which prevents bad coins from unlocking the passimeter arm. The use of bad coins has been reduced from 107,501 in 1931 to 19,763 this year. In recent years there have been 267 prosecutions in the courts for use of "slugs."

Safety

Through the continued whole-hearted and intelligent co-operation of employees the number of collision accidents were further reduced in 1937, the comparison with 1936 being as follows:

	Collisions Involving Street Cars	Collisions Involving Buses	Total Number Of Surface Collisions
1936	3,053	1,230	4,283
1937	2,617	1,173	3,790

The record was continued during the year of no fatal accident to a passenger actually riding in a train, car or bus. In the nine-year period from 1929 to 1937, inclusive, the railway operated 448,781,994 miles in passenger service and carried 2,731,312,586 revenue passengers without a fatality to a passenger in trains, cars or buses.

The record of the railway in industrial accidents has improved as follows:

	Total No. of Injuries
1926	1,465
1931	835
1936	613
1937	543

The interruptions to service causing delay of twenty minutes or more were less than during the two previous years, as follows:

1935	276
1936	284
1937	204

Of these 204 delays in 1937, 126 were entirely beyond the control of the railway.

The railway continued the practice, adopted in 1928, of an annual physical examination of all rapid transit motormen and all other transportation employees forty years of age and over. In the last ten years 28,595 physical examinations were made, of which 3,312 were made during the year 1937.

Various Improvements

During the year 33 new modern buses, 23 trackless trolleys and an experimental modern trolley car were added to the rolling stock.

New bus lines were established as follows:

Blue Hill avenue and Morton street to Forest Hills Station;

Woodlawn, Everett, to City Square, Charlestown;

Aberdeen avenue and Mt. Auburn street via Huron avenue to Harvard Square, Cambridge;

Belgrade avenue and Centre street, West Roxbury, line extended to Green street "El" Station.

New trackless trolley service was placed in operation as follows:

Woodlawn to Everett "El" Station;

Malden Sq. to Everett "El" Station via Ferry street;

Malden Sq. to Chelsea via Everett;

Linden to Everett "El" Station.

Broadway, the main thoroughfare in the City of Everett, is now entirely served by trackless trolleys.

The last buses placed in operation were equipped with Diesel engines, using fuel oil, and the results to date have been encouraging both as to performance and economy.

The policy of retiring trailer cars has been continued during the year and at the present time only 16 trailers are left in service. This policy permits the operation of single cars on more frequent intervals and consequently speeds up the general service.

The record of the experimental street car thus far has been satisfactory and no serious difficulties have been encountered in the operation of 23,456 revenue miles.

During the year 184 obsolete surface cars, plows and miscellaneous cars were scrapped.

Additional garage space for 36 buses was provided at Washington street, Roxbury, and the present capacity at that location is now 158 buses.

A portion of the Charlestown Power Station was utilized to provide garage space for 18 snow fighting machines.

Additional signals were installed in the Trement Street Subway and also on the elevated structure northbound approaching Dudley street to regulate speed of trains entering the Terminal.

Improved lighting has been provided at several of the underground stations.

The track at Guild street, formerly used for storage of elevated trains, has been removed.

The old carhouse at North Cambridge and the three-story building at Guild and Washington streets have been removed.

Changes in the Board of Trustees

Judge John V. Mahoney resigned as a member of the Board on January 7, 1937, and on the same date His Excellency, Governor Charles F. Hurley, appointed Mr. Henry J. Smith to fill the vacancy.

Mr. Henry I. Harriman resigned as Chairman of the Board on November 6, 1937. Mr. Edward E. Whiting was elected Chairman on November 8 and Mr. Henry J. Smith was elected Secretary.

Mr. George B. Johnson resigned as a member of the Board on November 8, 1937, and on November 10 the Governor appointed Mr. Patrick J. Welsh to fill the vacancy.

Mr. Henry I. Harriman resigned as a member of the Board on January 17, 1938, and on January 18 the Governor appointed Mr. William P. Joy to fill the vacancy.

BOARD OF PUBLIC TRUSTEES,
BOSTON ELEVATED RAILWAY COMPANY,

EDWARD E. WHITING, *Chairman*
HENRY J. SMITH, *Secretary*
ERNEST A. JOHNSON
PATRICK J. WELSH
WILLIAM P. JOY

Appendix 1

Lybrand, Ross Bros. & Montgomery
Boston, Massachusetts

To the Trustees of
Boston Elevated Railway Company:

We have made an examination of the accompanying general balance sheet of the Boston Elevated Railway Company as at December 31, 1937 and of the accompanying income statement for the twelve months ended December 31, 1937. In connection therewith we examined or tested accounting records of the company and other supporting evidence and obtained information and explanations from officers and employees of the company; we also made a general review of the accounting methods and of the operating and income accounts for the period, but we did not make a detailed audit of the transactions.

In our opinion, the provision for depreciation of road and equipment in the year 1937 charged to cost of service as shown in the accompanying schedule of operating expense accounts and determined in accordance with the policy of accounting previously adopted by the trustees is fair and reasonable, but the amount of accrued depreciation appearing in the balance sheet is inadequate.

In our opinion, based upon such examination, the accompanying general balance sheet as at December 31, 1937 (subject to the comment in the preceding paragraph), and income statement for the twelve months ended December 31, 1937, fairly present the position of Boston Elevated Railway Company at that date and the results of operations under public control for the year then ended. Further, in our opinion, the accounts have been maintained by the company consistently during the year in accordance with accepted principles of accounting.

(Signed) Lybrand, Ross Bros. & Montgomery.

Boston, Massachusetts
January 24, 1938.

Appendix 2

General Balance Sheet

Assets	Dec. 31, 1937	Dec. 31, 1936
Investments		
Road and Equipment:		
Way and Structures	$60,839,199.65	$61,027,201.25
Equipment	31,572,270.07	31,428,281.13
Power	15,551,432.51	15,429,916.55
General and Miscellaneous	1,972,702.63	1,972,702.63
Unfinished Construction	204,430.65	190,337.66
Total Road and Equipment	**$110,140,035.51**	**$110,048,439.22**
Miscellaneous Physical Property	**$847,723.98**	**$776,862.87**
Other Investments:		
Bonds	——	$1,217,796.41
U. S. Treasury Notes	$3,035,955.53	——
Mortgage Notes	163,100.50	159,300.50
Advances, Road and Equipment:		
Eastern Massachusetts Street Railway Company	191,221.02	190,087.63
Total Other Investments	**$3,390,277.05**	**$1,567,184.54**
Total Investments	**$114,378,036.54**	**$112,392,486.63**

General Balance Sheet—*Continued*

Liabilities	Dec. 31, 1937	Dec. 31, 1936
Stock		
Capital Stock:		
Common Stock	$23,879,400.00	$23,879,400.00
Premium on Capital Stock:		
Common Stock	2,707,428.13	2,707,428.13
Total Stock	**$26,586,828.13**	**$26,586,828.13**
Bonds		
Funded Debt Unmatured:		
3% 3 yr. B. E. Ry. Co. Bonds, Due Mar. 1, 1937	——	$2,098,000.00
4½% 30 yr. B. E. Ry. Co. Bonds, " Oct. 1, 1937	——	4,800,000.00
4½% 30 yr. B. E. Ry. Co. Bonds, " Nov. 1, 1941	$5,000,000.00	5,000,000.00
5% 30 yr. B. E. Ry. Co. Bonds, " Dec. 1, 1942	8,286,000.00	8,286,000.00
5% 30 yr. W. E. St. Ry. Co. Bonds, " Mar. 1, 1944	2,600,000.00	2,600,000.00
7% 30 yr. W. E. St. Ry. Co. Bonds, " Sept. 1, 1947	570,000.00	570,000.00
4½% 15 yr. B. E. Ry. Co. Bond, " Aug. 1, 1949	1,581,000.00	1,581,000.00
5% 25 yr. B. E. Ry. Co. Bond, " Jan. 1, 1960	6,309,000.00	6,309,000.00
5% 25 yr. B. E. Ry. Co. Bond, " Mar. 1, 1960	8,500,000.00	8,500,000.00
4½% 25 yr. B. E. Ry. Co. Bond, " Dec. 15, 1960	7,711,000.00	7,711,000.00
4½% 25 yr. B. E. Ry. Co. Bond, " June 1, 1961	3,815,000.00	3,815,000.00
4¼% 25 yr. B. E. Ry. Co. Bond, " Jan. 1, 1962	2,098,000.00	——
4¾% 25 yr. B. E. Ry. Co. Bond, " Oct. 1, 1962	4,800,000.00	——
6% B. E. Ry. Co. Bonds Authorized Under Sec. 4, Chapter 333, Acts 1931	23,430,917.00	23,430,917.00
6% B. E. Ry. Co. Bond, Auth. Sec. 4, Chap. 333, Acts 1931, as amended by Sec. 1, Chap. 299, Acts 1932	1,500,000.00	1,500,000.00
Total Bonds	**$76,200,917.00**	**$76,200,917.00**

General Balance Sheet—*Continued*

Assets	Dec. 31, 1937	Dec. 31, 1936
Current Assets		
Cash	**$1,457,891.40**	**$3,095,773.18**
Special Deposits:		
Interest, Dividends and Rents Unpaid	$324,884.42	$328,158.48
For Preferred Stock Redemption	1,791.35	97.11
Employes' Social Security Taxes	22,761.64	——
Reserve Fund, Chap. 159, Spec. Acts 1918	——	——
Total Special Deposits	**$349,437.41**	**$328,255.59**
Loans and Notes Receivable	——	**$274.00**
Miscellaneous Accounts Receivable	**$381,740.18**	**403,826.97**
Material and Supplies	**1,943,916.19**	**1,847,683.60**
Interest, Dividends and Rents Receivable	**12,484.80**	**9,091.75**
Other Current Assets	**39,030.00**	**38,680.00**
Total Current Assets and Special Deposits	**$4,184,499.98**	**$5,723,585.09**
Deferred Assets		
Insurance and Other Funds	——	**$243,000.00**
Unadjusted Debits		
Rents and Insurance Premiums Paid in Advance	$120,561.00	$54,307.43
Discount on Funded Debt	1,260,343.02	1,195,545.17
Other Unadjusted Debits	81,775.14	72,202.82
Total Unadjusted Debits	**$1,462,679.16**	**$1,322,055.42**
Total Assets	**$120,025,215.68**	**$119,681,127.14**

General Balance Sheet—*Concluded*

Liabilities	Dec. 31, 1937	Dec. 31, 1936
Current Liabilities		
Audited Accounts and Wages Payable	**$473,671.08**	**$608,481.34**
Matured Interest, Dividends and Rents Unpaid	**333,766.42**	**337,042.23**
Accrued Interest, Dividends and Rents Payable:		
Accrued Interest on Funded Debt	924,333.91	942,313.91
Accrued Rent of Leased Roads	5,678.36	5,678.36
Accrued Rent of Subways, Tunnels & R. T. L.	110,440.84	109,158.32
Total Accrued Interest, Dividends and Rents Payable	**$1,040,453.11**	**$1,057,150.59**
Total Current Liabilities	**$1,847,890.61**	**$2,002,674.16**
Deferred Liabilities		
Liability for Provident Funds	$22,761.64	——
Other Deferred Liabilities	12,340.64	$24,460.89
Total Deferred Liabilities	**$35,102.28**	**$24,460.89**
Unadjusted Credits		
Tax Liability:		
Federal	$1,517,303.87	$1,295,789.46
State and Municipality	500.00	138,305.82
Total Tax Liability	**$1,517,803.87**	**$1,434,095.28**
Premium on Funded Debt	**$24,260.16**	**$28,186.68**
Injury and Damage Reserve	**$1,071,141.97**	**$1,184,096.28**
Accrued Depreciation—Road and Equipment	**$16,226,987.31**	**$15,103,237.42**
Other Unadjusted Credits:		
Outstanding Tickets and Tokens	$70,586.28	$81,532.54
Unredeemed Preferred Stocks	7,349.71	7,653.72
Other Unadjusted Credits	362,548.17	234,211.83
Total Other Unadjusted Credits	**$440,484.16**	**$323,398.09**
Total Unadjusted Credits	**$19,280,677.47**	**$18,073,013.75**
Corporate Surplus		
Profit and Loss:		
Prior to July 1, 1918	$12,127.83*	$12,127.83*
Year Ended June 30, 1931	1,969,473.12*	1,969,473.12*
Cost of Service Deficit 9 months ended December 31	2,485,366.88*	1,765,933.86*
Arising out of Consolidation with West End St. Ry. Co., June 10, 1922 and Reorganization July 1, 1931	540,768.02	540,768.02
Total Corporate Surplus	**$3,926,199.81***	**$3,206,766.79***
Total Liabilities	**$120,025,215.68**	**$119,681,127.14**

*Debit.

Note:—Amounts advanced by Commonwealth of Massachusetts for deficits in Cost of Service 1932–1937 $11,362,043.38 as at December 31, 1937. (See Statement of Loan Assessments, Page 41.)

Appendix 3

Income Statement

	Twelve Months Ended Dec. 31, 1937	Twelve Months Ended Dec. 31, 1936
Operating Income		
Passenger Revenue	$25,266,522.99	$25,395,750.05
Special Car and Special Bus Revenue	72,813.63	106,666.10
Mail Revenue	175.00	175.00
Total Revenue from Transportation	$25,339,511.62	$25,502,591.15
Station and Car Privileges	$466,900.08	$459,326.06
Rent of Tracks and Facilities	2,476.92	4,584.40
Rent of Equipment	8,145.96	9,002.19
Rent of Buildings and Other Property	55,968.02	52,767.78
Power	16,669.39	23,341.52
Miscellaneous	536.81	338.97
Total Revenue from Other Railway Operations	$550,697.18	$549,360.92
Total Railway Operating Revenues	$25,890,208.80	$26,051,952.07
Railway Operating Expenses:		
Way and Structures	$2,809,671.96	$2,825,340.03
Equipment	3,446,341.68	3,345,697.89
Power	1,745,742.03	1,750,222.28
Conducting Transportation	8,560,672.52	8,297,342.05
Traffic	12,204.28	10,662.86
General and Miscellaneous	2,155,783.80	2,194,336.78
Transportation for Investment	†19,612.42	†13,259.90
Total Railway Operating Expenses	$18,710,803.85	$18,410,341.99
Net Revenue Railway Operations	$7,179,404.95	$7,641,610.08
Taxes Assignable to Railway Operations:		
Federal	$660,387.85	$387,579.96
State and Municipalities	1,008,614.61	1,185,637.95
Total Taxes Assignable to Railway Operations	$1,669,002.46	$1,573,217.91
Operating Income	$5,510,402.49	$6,068,392.17

†Credit.

Income Statement—*Concluded*

	Twelve Months Ended Dec. 31, 1937	Twelve Months Ended Dec. 31, 1936
Non-Operating Income		
Income from Funded Securities	$35,380.45	$29,274.37
Income from Unfunded Securities	2,605.99	——
Income from Sinking Fund and Other Reserves	7,043.82	10,800.00
Release of Premiums on Funded Debt	3,926.52	4,022.96
Miscellaneous Income	611.57	106.07
Total Non-Operating Income	$49,568.35	$44,203.40
Gross Income	$5,559,970.84	$6,112,595.57
Deductions from Gross Income		
Rent for Leased Roads:		
Boston Elevated Railway Co.—Dividend Rental	$1,193,970.00	$1,193,970.00
Other Roads	45,475.02	46,161.00
Total Rent for Leased Roads	$1,239,445.02	$1,240,131.00
Miscellaneous Rents	2,822,629.46	2,812,255.07
Net Loss on Miscellaneous Physical Property	1,744.54	7,992.91
Interest on Funded Debt	3,939,114.19	3,862,562.10
Amortization of Discount on Funded Debt	71,597.85	78,299.77
Miscellaneous Debits	11,463.97	8,823.73
Total Deductions from Gross Income	$8,085,995.03	$8,010,064.58
Operating Loss for Year	*$2,526,024.19	*$1,897,469.01

*Debit.

Appendix 4

Operating Expense Accounts

	Twelve Months Ended Dec. 31, 1937	Twelve Months Ended Dec. 31, 1936
Way and Structures		
Superintendence of Way and Structures	$261,250.56	$239,486.57
Maintenance of Track and Roadway	1,020,409.66	959,317.15
Removal of Snow and Ice	48,169.71	214,936.04
Tunnels and Subways	22,695.37	23,627.47
Elevated Structures and Foundations	71,164.11	57,310.82
Bridges, Trestles and Culverts	10,585.05	7,223.63
Crossings, Fences and Signs	5,228.19	3,696.01
Signals and Interlocking Apparatus	30,234.29	31,076.40
Telephone and Telegraph Lines	7,557.17	5,707.49
Other Miscellaneous Way Expenses	39,132.77	39,836.16
Maintenance of Electric Line Equipment	169,391.14	170,989.25
Maintenance of Buildings, Fixtures and Grounds	365,693.94	310,613.04
Depreciation of Way and Structures	758,160.00	761,520.00
Total Way and Structures	$2,809,671.96	$2,825,340.03
Equipment		
Superintendence of Equipment	$154,103.81	$146,034.88
Maintenance of Revenue Equipment	1,282,911.80	1,218,092.45
Maintenance of Rail Service Equipment	32,732.55	33,162.90
Elec. Equip. Maint. of Revenue Equipment	335,283.26	341,484.06
Shop Equipment	35,009.92	30,997.98
Shop Expenses	253,755.47	248,378.16
Miscellaneous Equip. (Autos, Trucks & Tractors)	32,742.96	61,091.10
Depreciation of Equipment	816,480.00	821,640.00
Depreciation of Buses & Trackless Trolleys	503,321.91	444,816.36
Total Equipment	$3,446,341.68	$3,345,697.89
Power		
Superintendence of Power	$91,335.15	$85,784.62
Maintenance of Power Plant Bldgs. & Equipment	165,239.93	120,515.38
Depreciation of Power Plant Bldgs. & Equipment	369,360.00	420,840.00
Operation of Power Plants	874,260.28	867,537.06
Gasoline and Fuel Oil for Buses	245,546.67	255,545.22
Total Power	$1,745,742.03	$1,750,222.28

Operating Expense Accounts—*Concluded*

	Twelve Months Ended Dec. 31, 1937	Twelve Months Ended Dec. 31, 1936
Conducting Transportation		
Superintendence of Transportation	$1,074,516.61	$1,049,607.95
Pass. Car, Trainmen and Bus Operators	5,008,687.44	4,909,543.68
Misc. Car and Bus Service Employes	188,824.57	188,213.35
Misc. Car and Bus Service Expenses	99,795.23	105,249.48
Station Employes	645,785.03	627,216.89
Station Expenses	223,884.33	191,913.71
Car House and Bus Garage Employes	756,369.82	678,603.83
Car House and Bus Garage Expenses	93,051.61	93,970.64
Operation of Signal & Interlocking Apparatus	248,922.51	223,569.50
Operation of Telephone & Telegraph Lines	12,085.46	11,704.90
Other Transportation Expenses	208,749.91	217,748.12
Total Conducting Transportation	**$8,560,672.52**	**$8,297,342.05**
Traffic		
Traffic	**$12,204.28**	**$10,662.86**
General and Miscellaneous		
Salaries and Expenses of General Officers	$86,170.74	$81,647.24
Salaries and Expenses of General Office Clerks	382,263.07	365,151.57
General Office Supplies and Expenses	83,529.05	72,045.77
Law Expenses	33,773.05	39,091.60
Relief Expenses	1,770.00	3,420.00
Pensions and Gratuities	221,937.21	219,037.81
Miscellaneous General Expenses	85,315.03	98,417.76
Injuries and Damages	756,146.50	832,965.84
Insurance	147,625.64	139,768.92
Stationery and Printing	62,740.12	54,773.90
Store Expenses	182,068.60	171,015.16
Garage Expenses (Excl. Bus Garages)	85,805.05	88,143.49
Rent of Tracks and Facilities	12,753.99	14,761.57
Rent of Equipment	13,885.75	14,096.15
Total General and Miscellaneous	**$2,155,783.80**	**$2,194,336.78**
Transportation for Investment	**†$19,612.42**	**†$13,259.90**
Total Operating Expenses	**$18,710,803.85**	**$18,410,341.99**

†Credit

Appendix 5

Road and Equipment Investment

Account	Total Dec. 31, 1937	Total Dec. 31, 1936
Way and Structures		
Engineering and Superintendence	$1,722,072.11	$1,733,439.11
Right of Way	11,467,555.24	11,467,432.64
Other Land	5,714,730.33	5,722,265.43
Grading	323,253.23	331,462.46
Ballast	751,736.75	759,222.74
Ties	860,021.22	888,466.57
Rails, Rail Fastenings and Joints	1,996,836.16	2,098,264.16
Special Work	4,388,393.76	4,388,957.45
Track and Roadway Labor	4,212,210.82	4,285,925.42
Paving	1,467,250.67	1,529,985.49
Roadway Machinery and Tools	550,494.85	389,492.26
Tunnels and Subways	347,908.22	347,908.22
Elevated Structures and Foundations	5,549,015.53	5,589,137.53
Bridges, Trestles and Culverts	2,002,986.39	2,002,986.39
Crossings, Fences and Signs	85,720.95	88,550.24
Signals and Interlocking Apparatus	1,096,174.41	1,102,058.72
Telephone and Telegraph Lines	102,935.36	102,935.36
Poles and Fixtures	653,076.56	626,884.34
Underground Conduit	1,896,839.80	1,861,653.77
Distribution System	3,718,267.46	3,702,139.11
Shops, Car Houses and Garages	7,172,296.89	7,266,456.32
Stations, Misc. Buildings and Structures	4,527,121.74	4,509,276.32
Wharves and Docks	232,301.20	232,301.20
Total Way and Structures	$60,839,199.65	$61,027,201.25
Equipment		
Pass. Cars, Buses and Trackless Trolleys	$21,220,969.95	$21,021,104.60
Service Equipment	972,118.66	1,018,911.49
Electric Equipment of Cars and Trackless Trolleys	7,658,190.23	7,675,158.63
Shop Equipment	743,287.16	742,421.42
Furniture, Fare Boxes and Passimeters	259,179.99	256,116.92
Miscellaneous Equipment	718,524.08	714,568.07
Total Equipment	$31,572,270.07	$31,428,281.13
Power		
Power Plant Buildings	$3,597,312.57	$3,591,627.83
Sub Station Buildings	640,979.22	640,979.22
Power Plant Equipment	7,016,249.87	6,898,306.02
Sub Station Equipment	2,688,828.65	2,690,941.28
Transmission System	1,608,062.20	1,608,062.20
Total Power	$15,551,432.51	$15,429,916.55
General and Miscellaneous		
Law Expenditures	$250.00	$250.00
Interest during Construction	1,832,301.09	1,832,301.09
Injuries and Damages	7,500.00	7,500.00
Taxes	145,866.54	145,866.54
Miscellaneous	13,215.00*	13,215.00*
Total General and Miscellaneous	$1,972,702.63	$1,972,702.63
Unfinished Construction	$204,430.65	$190,337.66
Total Road and Equipment	$110,140,035.51	$110,048,439.22

*Credit.

Appendix 6

Investment in Road Owned and Leased December 31, 1937

Boston Elevated Railway Company			
Road and Equipment		$110,140,035.51	
Miscellaneous Physical Property		847,723.98	
Total Boston Elevated Railway Company Investment			$110,987,759.49
Leased Lines			
Hyde Park Transportation District (City of Boston)		$245,931.51	
Eastern Mass. St. Ry. Co. (Part Leased)			
Old Colony Lines, West Roxbury	$672,847.44		
Boston & Northern Lines, Middlesex Fells Lines	29,546.01		
Expenditures for Additions and Betterments	191,221.02		
Total Eastern Mass. St. Ry. Co.		893,614.47	
Total Leased Lines			1,139,545.98
City of Boston Investment			
Boylston Subway		$11,495,417.64	
Cambridge Connection		1,655,083.39	
Dorchester Tunnel		12,249,134.36	
Dorchester Rapid Transit Extension		11,008,108.88	
East Boston Tunnel		7,283,542.24	
East Boston Tunnel Extension		2,346,851.71	
Tremont Subway		4,669,691.17	
Washington Tunnel		7,969,524.49	
Total City of Boston Investment			58,677,353.88
Commonwealth of Massachusetts Investment			
Cambridge Subway		$8,226,759.52	
Total Commonwealth of Massachusetts Investment			8,226,759.52
TOTAL INVESTMENT IN ROAD OWNED AND LEASED			$179,031,418.87

INVESTMENT AND TOTAL INCOME 1897-1937

Year Ended	Total Investment	Total Income	Permanent Investment Per $1 of Total Income
Sept. 30, 1897	$25,291,913.22	$8,719,031.78	$2.90
Sept. 30, 1898	31,251,811.90	9,257,252.94	3.38
Sept. 30, 1899	33,187,250.79	9,756,136.25	3.40
Sept. 30, 1900	37,793,501.62	10,236,994.49	3.69
Sept. 30, 1901	44,087,939.53	10,869,496.33	4.06
Sept. 30, 1902	46,466,591.31	11,321,030.13	4.10
Sept. 30, 1903	48,398,610.91	12,019,371.26	4.03
Sept. 30, 1904	51,886,524.39	12,436,593.79	4.13
Sept. 30, 1905	57,187,809.61	12,741,569.30	4.49
Sept. 30, 1906	59,873,910.46	13,634,612.49	4.39
Sept. 30, 1907	65,979,896.07	14,011,167.72	4.71
Sept. 30, 1908	70,957,716.76	14,074,696.51	5.04
Sept. 30, 1909	81,592,634.49	14,493,853.13	5.63
June 30, 1911	92,904,910.27	15,980,707.94	5.81
June 30, 1912	101,864,058.69	16,522,542.00	6.17
June 30, 1913	105,019,587.59	16,968,328.33	6.19
June 30, 1914	106,990,919.12	17,785,978.25	6.02
June 30, 1915	113,166,182.04	17,886,549.64	6.33
June 30, 1916	117,116,007.58	18,781,327.74	6.24
Dec. 31, 1917	121,807,319.67	19,818,407.01	6.15
Dec. 31, 1918	134,181,073.47	21,062,692.82	6.37
Dec. 31, 1919	138,117,974.50	29,498,582.82	4.68
Dec. 31, 1920	139,156,058.00	34,031,636.44	4.09
Dec. 31, 1921	141,345,133.42	33,277,025.53	4.25
Dec. 31, 1922	143,345,873.68	32,699,176.37	4.38
Dec. 31, 1923	149,001,108.85	34,096,813.26	4.37
Dec. 31, 1924	155,490,852.91	34,175,319.61	4.54
Dec. 31, 1925	156,474,884.41	34,547,379.61	4.53
Dec. 31, 1926	159,025,141.62	35,481,313.38	4.48
Dec. 31, 1927	163,901,383.91	35,193,410.03	4.67
Dec. 31, 1928	172,480,669.04	34,843,147.51	4.95
Dec. 31, 1929	175,224,091.62	34,096,623.03	5.14
Dec. 31, 1930	175,045,256.41	32,510,721.17	5.38
Dec. 31, 1931	175,553,658.23	29,855,107.30	5.88
Dec. 31, 1932	177,673,869.99	26,428,493.63	6.72
Dec. 31, 1933	176,070,985.04	24,154,373.09	7.29
Dec. 31, 1934	176,108,007.79	24,818,625.48	7.09
Dec. 31, 1935	176,252,570.57	24,926,426.46	7.07
Dec. 31, 1936	178,795,311.81	26,096,155.47	6.85
Dec. 31, 1937	179,031,418.87	25,939,777.15	6.90

The permanent investment represents the actual money expended for property operated, owned and leased, including subways, tunnels and rapid transit lines owned by the City of Boston and Commonwealth of Massachusetts.

Appendix 8

Capital Outstanding December 31, 1937

Outstanding Capital Stock

COMMON STOCK

No. Shares Outstanding	Par Value Shares Outstanding	Net Premium	Amount Realized	Date of Approval by Commission	Yearly Dividend	Dividends Payable
5,000	$500,000.00	——	$500,000.00	July 26, 1897		
95,000	9,500,000.00	——	9,500,000.00	July 6, 1900		
33,000	3,300,000.00	$1,815,000.00	5,115,000.00	Aug. 22, 1902		
66,500	6,650,000.00	695,958.13	7,345,958.13	Dec. 18, 1908		
39,294	3,929,400.00	196,470.00	4,125,870.00	Dec. 6, 1912		
238,794	$23,879,400.00	$2,707,428.13	$26,586,828.13		5%—$1,193,970.00	Jan. 1 Apr. 1 July 1 Oct. 1

OUTSTANDING FUNDED DEBT

Par Value	Rate	Maturity	Net Premium or Discount	Amount Realized	Date of Approval by Commission	Yearly Interest	Co.
$5,000,000.00	4½%	Nov. 1, 1941	$*100,000.00	$4,900,000.00	Oct. 17, 1911	$225,000.00	B. E.
4,000,000.00	5 %	Dec. 1, 1942	*80,000.00	3,920,000.00	Dec. 6, 1912	200,000.00	B. E.
1,000,000.00	5 %	Dec. 1, 1942	*78,410.00	921,590.00	May 27, 1914	50,000.00	B. E.
3,286,000.00	5 %	Dec. 1, 1942	*257,655.26	3,028,344.74	Nov. 9, 1915	164,300.00	B. E.
2,600,000.00	5 %	Mar. 1, 1944	112,832.07	2,712,832.07	Feb. 4, 1914 April 14, 1914	130,000.00	W. E.
570,000.00	7 %	Sept. 1, 1947	399.00	570,399.00	Aug. 24, 1917 Sept. 4, 1917	39,900.00	W. E.
§ 1,581,000.00	4½%	Aug. 1, 1949	*77,690.34	1,503,309.66	July 11, 1934	71,145.00	B. E.
§ 6,309,000.00	5 %	Jan. 1, 1960	*139,428.90	6,169,571.10	Dec. 4, 1934	315,450.00	B. E.
§ 8,500,000.00	5 %	Mar. 1, 1960	69,615.00	8,569,615.00	Feb. 21, 1935	425,000.00	B. E.
§ 7,711,000.00	4½%	Dec. 15, 1960	*186,220.65	7,524,779.35	Nov. 15, 1935	346,995.00	B. E.
§ 3,815,000.00	4½%	June 1, 1961	*36,242.50	3,778,757.50	Apr. 15, 1936	171,675.00	B. E.
§ 2,098,000.00	4¼%	Jan. 1, 1962	*13,595.04	2,084,404.96	Jan. 8, 1937	89,165.00	B. E.
§ 4,800,000.00	4¾%	Oct. 1, 1962	*100,420.80	4,699,579.20	Sept. 15, 1937	228,000.00	B. E.
§ 1,500,000.00	6 %	* * *	——	1,500,000.00	Note B	90,000.00	B. E.
§23,430,917.00	6 %	* * *	——	23,430,917.00	Note A	1,405,855.02	B. E.
$76,200,917.00			*$886,817.42	$75,314,099.58		$3,952,485.02	

*Discount.

A.—Authorized by Section 4, Chapter 333, Acts of 1931.

B.—Auth. by Amendment to Sec. 4, Chap. 333, Acts of 1931, made by Sec. 1, Chap. 299, Acts of 1932.

§Held by Boston Metropolitan District. (Total $59,744,917.00—78.4% of total outstanding.)

Average Rate of Return 5.05% on Capital Outstanding. (Bonds 5.25%—Stock 4.49%.)

Appendix 9

Revenue Passengers Carried—1897 to 1937

Year Ended	5c Fares	6 and 6¼ c Tickets and Tokens	7c Fares	8c Fares	10c Fares	Pupils' Tickets 5c	Special Car & Special Bus Passengers (*See Note*)	Total Revenue Passengers	Per Cent Yearly Increase
Sept. 30, 1897.....	172,554,514	——	——	——	——	——	——	172,554,514	3.41%
Sept. 30, 1898.....	181,321,295	——	——	——	——	——	——	181,321,295	5.08
Sept. 30, 1899.....	191,023,224	——	——	——	——	——	——	191,023,224	5.35
Sept. 30, 1900.....	201,124,710	——	——	——	——	——	——	201,124,710	5.29
Sept. 30, 1901.....	213,703,983	——	——	——	——	——	——	213,703,983	6.25
Sept. 30, 1902.....	222,484,811	——	——	——	——	——	——	222,484,811	4.11
Sept. 30, 1903.....	233,563,578	——	——	——	——	——	——	233,563,578	4.99
Sept. 30, 1904.....	241,681,945	——	——	——	——	——	——	241,681,945	3.48
Sept. 30, 1905.....	246,941,776	——	——	——	——	——	——	246,941,776	2.18
Sept. 30, 1906.....	262,267,240	——	——	——	——	——	——	262,267,240	6.21
Sept. 30, 1907.....	271,084,815	——	——	——	——	——	——	271,084,815	3.36
Sept. 30, 1908.....	272,990,357	——	——	——	——	——	142,227	273,132,584	0.76
Sept. 30, 1909.....	280,825,809	——	——	——	——	——	182,662	281,008,471	2.88
June 30, 1911.....	304,826,768	——	——	——	——	——	271,897	305,098,665	4.45
June 30, 1912.....	310,077,600	——	——	——	——	——	232,409	310,310,009	1.71
June 30, 1913.....	326,148,553	——	——	——	——	——	204,310	326,352,863	5.17
June 30, 1914.....	342,962,091	——	——	——	——	——	218,958	343,181,049	5.16
June 30, 1915.....	346,146,183	——	——	——	——	——	170,401	346,316,584	0.91
June 30, 1916.....	363,303,453	——	——	——	——	——	173,588	363,477,041	4.95
Dec. 31, 1917.....	380,819,242	——	——	——	——	——	198,096	381,017,338	1.99
Dec. 31, 1918.....	217,203,899	——	102,619,954	28,739,858	——	——	100,989	348,664,700	8.49*

Revenue Passengers Carried—1897 to 1937—*Concluded*

Year Ended	5c Fares	6 and 6¼c Tickets and Tokens	7c Fares	8c Fares	10c Fares	Pupils' Tickets 5c	Special Car & Special Bus Passengers (*See Note*)	Total Revenue Passengers	Per Cent Yearly Increase
Dec. 31, 1919.....	886,034	——	——	173,808,769	146,162,131	3,803,815	97,936	324,758,685	**6.86***
Dec. 31, 1920.....	3,846,989	——	——	——	326,496,184	5,105,588	77,800	335,526,561	3.32
Dec. 31, 1921.....	23,915,742	——	——	——	307,624,243	5,606,105	105,990	337,252,080	0.51
Dec. 31, 1922.....	71,425,347	——	——	——	279,851,313	5,213,664	103,618	356,593,942	5.73
Dec. 31, 1923.....	94,170,518	——	——	——	283,660,762	4,214,132	104,285	382,149,697	7.17
Dec. 31, 1924.....	85,218,867	9,549,775	——	——	283,569,003	4,443,228	107,975	382,888,848	0.19
Dec. 31, 1925.....	3,853,807	55,937,785	——	——	299,107,782	6,003,917	132,995	365,036,286	**‡4.66***
Dec. 31, 1926.....	1,936,219	58,803,057	——	——	304,378,164	5,971,189	129,772	371,218,401	1.69
Dec. 31, 1927.....	2,355,682	58,890,542	——	——	299,340,854	6,178,984	172,846	366,938,908	**1.15***
Dec. 31, 1928.....	2,743,742	57,785,211	——	——	295,168,018	6,146,748	161,314	362,005,033	**1.34***
Dec. 31, 1929.....	2,612,980	56,272,366	——	——	288,789,514	6,371,689	168,441	354,214,990	**2.15***
Dec. 31, 1930.....	24,123,763	36,295,851	——	——	275,612,705	6,357,662	304,924	342,694,905	**3.25***
Dec. 31, 1931.....	67,262,611	38,625	——	——	250,941,595	6,330,862	214,884	324,788,577	**5.23***
Dec. 31, 1932.....	64,321,902	7,369	——	——	220,884,856	6,333,016	206,682	291,753,825	**10.17***
Dec. 31, 1933.....	60,309,151	3,204	——	——	201,239,625	6,036,196	257,253	267,845,429	**8.19***
Dec. 31, 1934.....	64,943,176	1,271	——	——	205,903,554	5,756,660	429,514	277,034,175	3.43
Dec. 31, 1935.....	68,881,593	355	——	——	205,471,568	5,543,664	505,346	280,402,526	1.22
Dec. 31, 1936.....	77,140,864	72	——	——	212,308,509	6,160,264	570,957	296,180,666	5.63
Dec. 31, 1937.....	80,477,621	39	——	——	209,458,470	5,935,804	525,559	296,397,493	0.07

5c fare Previous to August 1, 1918.
7c Fare August 1, 1918.
8c Fare December 1, 1918.
Pupils' Tickets (5c) Jan. 1, 1919.
10c Fare July 10, 1919 (Incl. Govt. Tickets).
First 5c Fare Line (without transfer) August 23, 1919.
First 5c Local Fare Line March 26, 1921.
6c Local Fare November 5, 1924.
6¼c Local Fare July 1, 1927.
6¼c Tokens, Sept. 14, 1929.
6¼c Tickets and Tokens discontinued Aug. 31, 1930.
5c Local Fares started Sept. 1, 1930.
10c Duplex Tickets (5c Local Fares) started Nov. 28, 1930.

Note:—Previous to 1908 Special Car Passengers included with 5c Fares.

‡During the years 1922, 1923 and 1924, one passenger making a single journey for which he might pay two five-cent fares was counted as two revenue passengers. The substitution in November, 1924, of six-cent tickets for five-cent cash fares often resulted in the payment of a ten-cent fare by such a passenger with a consequent reduction in the company's figures of total revenue passengers carried, though the gross passenger revenue for the year 1925 which increased $371,269.51 would indicate substantially the same number of passengers carried by the railway in 1925 and 1924.

*Bold face Denotes Decreases.

Appendix 10

Revenue Mileage—1898 to 1937

Year Ended	Rapid Transit Lines	Surface Lines					Total Passenger Service	Other Revenue Mileage	Total Revenue Mileage
		Two Men Cars	One Man Cars	Buses	Trackless Trolleys	Total Surface Lines			
Sept. 30, 1898.....	——	32,209,150	——	——	——	32,209,150	32,209,150	170,295	32,379,445
Sept. 30, 1899.....	——	34,594,224	——	——	——	34,594,224	34,594,224	174,294	34,768,518
Sept. 30, 1900.....	——	38,171,984	——	——	——	38,171,984	38,171,984	181,530	38,353,514
Sept. 30, 1901.....	1,516,175	42,115,209	——	——	——	42,115,209	43,631,384	193,495	43,824,879
Sept. 30, 1902.....	5,725,455	40,047,381	——	——	——	40,047,381	45,772,836	227,163	45,999,999
Sept. 30, 1903.....	7,086,634	40,390,068	——	——	——	40,390,068	47,476,702	211,785	47,688,487
Sept. 30, 1904.....	7,004,579	41,313,402	——	——	——	41,313,402	48,317,981	202,471	48,520,452
Sept. 30, 1905.....	7,045,174	41,024,230	——	——	——	41,024,230	48,069,404	204,218	48,273,622
Sept. 30, 1906.....	7,718,735	42,337,873	——	——	——	42,337,873	50,056,608	224,178	50,280,786
Sept. 30, 1907.....	7,802,457	44,027,731	——	——	——	44,027,731	51,830,188	231,381	52,061,569
Sept. 30, 1908.....	7,806,503	43,818,640	——	——	——	43,818,640	51,625,143	232,746	51,857,889
Sept. 30, 1909.....	7,295,450	43,599,806	——	——	——	43,599,806	50,895,256	232,425	51,127,681
June 30, 1911.....	8,523,434	45,895,457	——	——	——	45,895,457	54,418,891	228,305	54,647,196
June 30, 1912.....	9,362,316	45,202,162	——	——	——	45,202,162	54,564,478	225,695	54,790,173
June 30, 1913.....	11,385,787	46,118,784	——	——	——	46,118,784	57,504,571	279,748	57,784,319
June 30, 1914.....	11,647,877	45,973,201	——	——	——	45,973,201	57,621,078	369,358	57,990,436
June 30, 1915.....	12,081,986	45,306,117	——	——	——	45,306,117	57,388,103	417,592	57,805,695
June 30, 1916.....	12,920,965	45,415,479	——	——	——	45,415,479	58,336,444	235,864	58,572,308
Dec. 31, 1917.....	14,467,782	44,725,977	——	——	——	44,725,977	59,193,759	261,934	59,455,693
Dec. 31, 1918.....	13,364,229	39,398,056	——	——	——	39,398,056	52,762,285	259,531	53,021,816
Dec. 31, 1919.....	14,139,619	39,373,452	20,451	——	——	39,393,903	53,533,522	187,727	53,721,249

Revenue Mileage—1898 to 1937—*Concluded*

Year Ended	Rapid Transit Lines	Surface Lines					Total Passenger Service	Other Revenue Mileage	Total Revenue Mileage
		Two Men Cars	One Man Cars	Buses	Trackless Trolleys	Total Surface Lines			
Dec. 31, 1920.....	14,540,474	36,192,621	504,432	——	——	36,697,053	51,237,527	122,328	51,359,855
Dec. 31, 1921.....	13,974,490	33,244,477	2,487,730	——	——	35,732,207	49,706,697	97,928	49,804,625
Dec. 31, 1922.....	13,316,094	32,184,135	5,010,900	63,959	——	37,258,994	50,575,088	132,652	50,707,740
Dec. 31, 1923.....	13,795,114	30,277,855	9,511,305	465,391	——	40,254,551	54,049,665	106,399	54,156,064
Dec. 31, 1924.....	14,747,699	28,152,492	12,197,587	890,901	——	41,240,980	55,988,679	102,668	56,091,347
Dec. 31, 1925.....	14,836,656	24,880,686	13,271,296	2,472,456	——	40,624,438	55,461,094	97,032	55,558,126
Dec. 31, 1926.....	15,104,778	23,653,994	14,419,209	4,717,900	——	42,791,103	57,895,881	47,500	57,943,381
Dec. 31, 1927.....	15,224,531	20,919,321	15,121,344	5,562,766	——	41,603,431	56,827,962	6,067	56,834,029
Dec. 31, 1928.....	16,701,106	18,809,991	15,964,148	5,999,879	——	40,774,018	57,475,124	6,168	57,481,292
Dec. 31, 1929.....	16,924,006	14,686,292	17,930,051	7,138,386	——	39,754,729	56,678,735	6,250	56,684,985
Dec. 31, 1930.....	16,508,224	11,440,310	20,298,873	7,813,467	——	39,552,650	56,060,874	969	56,061,843
Dec. 31, 1931.....	15,176,011	10,020,656	19,585,766	8,771,384	——	38,377,806	53,553,817	72	53,553,889
Dec. 31, 1932.....	14,786,293	7,991,396	19,521,534	8,896,143	——	36,409,073	51,195,366	395	51,195,761
Dec. 31, 1933.....	12,363,920	3,721,032	20,920,013	9,136,030	——	33,777,075	46,140,995	124	46,141,119
Dec. 31, 1934.....	12,059,020	3,090,128	20,726,937	9,946,563	——	33,763,628	45,822,648	——	45,822,648
Dec. 31, 1935.....	11,889,894	2,812,166	21,050,170	10,281,114	——	34,143,450	46,033,344	——	46,033,344
Dec. 31, 1936.....	11,597,978	2,924,560	21,329,703	10,485,554	154,282	34,894,099	46,492,077	——	46,492,077
Dec. 31, 1937.....	11,500,186	2,820,228	21,052,216	10,643,257	780,441	35,296,142	46,796,328	——	46,796,328

Rapid Transit Lines

Elevated, Main Line, Sullivan Sq. to Dudley St. — Started June 10, 1901
Elevated, Atlantic Ave. — Started Aug. 22, 1901
Washington St. Tunnel — Opened Nov. 30, 1908
Elevated, Main Line — Extended to Forest Hills, Nov. 22, 1909
Cambridge Subway — Opened Mar. 23, 1912
Cambridge-Dorchester Tunnel to Broadway Sta. — Opened Dec. 15, 1917
Cambridge-Dorchester Tunnel — Extended to Andrew Sta., June 29, 1918
Elevated Main Line — Extended to Everett Sta., Mar. 15, 1919
Cambridge-Dorchester Tunnel — Extended to Fields Corner, Nov. 5, 1927
Cambridge-Dorchester Tunnel — Extended to Ashmont, Sept. 1, 1928
East Boston Tunnel changed to Rapid Transit Operation, April 21, 1924
Dorchester Extension High Speed Trolley Line to Mattapan — Opened December 21, 1929
Charles Station — Opened Feb. 27, 1932
Mail Car Operations Discontinued August 14, 1915

Surface Car Lines

Tremont St. Subway, Church St. to Park St. — Opened Sept. 1, 1897
Tremont St. Subway, Pleasant St. to Park St. — Opened Oct. 1, 1897
Tremont St. Subway, Park St. to North Station — Opened Sept. 3, 1898
East Boston Tunnel — Opened Dec. 30, 1904
East Cambridge Viaduct — Opened June 1, 1912
Boylston St. Subway — Opened Oct. 3, 1914
Kenmore Station — Opened Oct. 23, 1932

Appendix 11

Comparative Division of Receipts and Expenditures for Years Ended Dec. 31

	1937	1936	1935	1934	1933
Total Receipts	$25,939,777.15	$26,096,155.47	$24,926,426.46	$24,818,625.48	$24,154,373.09
Operating Expenses:					
Wages	12,709,180.09	12,346,223.40	11,756,916.62	11,332,549.54	11,406,164.52
Material and other Items	2,119,136.67	2,090,890.27	2,131,401.89	2,024,056.24	1,907,053.77
Injuries and Damages	594,605.71	676,742.17	577,614.11	484,417.54	515,616.02
Depreciation	2,447,321.91	2,448,816.36	2,408,172.92	2,310,454.86	2,304,096.56
Fuel	840,559.47	847,669.79	791,307.05	743,612.31	696,716.18
Total Operating Expenses	$18,710,803.85	$18,410,341.99	$17,665,412.59	$16,895,090.49	$16,829,647.05
Taxes	1,669,002.46	1,573,217.91	1,520,923.60	1,407,119.47	1,479,247.50
Dividends	1,193,970.00	1,193,970.00	1,193,970.00	1,193,970.00	1,193,970.00
Subway, Tunnel and R. T. L. Rents	2,822,629.46	2,812,255.07	2,809,087.75	2,796,255.81	2,790,779.35
Interest on Bonds	3,939,114.19	3,862,562.10	3,816,444.04	3,867,092.75	3,988,664.89
Miscellaneous Items	130,281.38	141,277.41	149,839.71	123,586.71	119,994.56
Total Cost of Service	$28,465,801.34	$27,993,624.48	$27,155,677.69	$26,283,115.23	$26,402,303.35
Loss for Year	$2,526,024.19	$1,897,469.01	$2,229,251.23	$1,464,489.75	$2,247,930.26

Note:—*Profit and Loss Items not included in above.*

Appendix 12

Traffic Statistics, Years Ended December 31

	1937	1936	1935	1934
Round trips operated	6,217,978	6,222,871	6,134,988	6,151,314
Passenger revenue	$25,339,336.62	$25,502,416.15	$24,347,367.76	$24,187,128.75
Passenger revenue per mile (cents)	54.15c	54.85c	52.89c	52.78c
Passenger revenue per hour	$5.556	$5.693	$5.471	$5.421
Passenger revenue mileage	46,796,328	46,492,077	46,033,344	45,822,648
Passenger revenue hours	4,560,540	4,479,552	4,450,340	4,461,771
Revenue passengers carried	296,397,493	296,180,666	280,402,526	277,034,175
Revenue passengers carried per mile	6.33	6.37	6.09	6.05
Revenue passengers carried per hour	64.99	66.12	63.01	62.09

Appendix 13

Comparative Passenger Statistics—Revenue Passengers Carried

Year	Week Day Average	Saturday Average	Sunday Average	Holiday Average	Total for Year
1937	891,844	879,386	420,489	530,056	296,397,493
1936	887,327	876,626	418,647	552,292	296,180,666
1935	843,059	828,781	399,801	521,574	280,402,526
1934	834,409	812,085	397,514	502,981	277,034,175
1933	805,668	794,068	386,439	494,365	267,845,429
1932	870,865	879,000	421,070	504,983	291,753,825
1931	971,487	997,669	460,564	558,262	324,788,577
1930	1,025,036	1,050,111	488,101	590,810	342,694,905
1929	1,049,304	1,123,058	518,093	602,071	354,214,990
1928	1,067,980	1,143,250	539,813	631,916	362,005,033

Appendix 14

Ratio of Maintenance and Depreciation to Total Income, Per Cent

Year Ended	Total Income	Maintenance and Depreciation	Per Cent
December 31, 1937	$25,939,777.15	$6,754,189.56	26.04
December 31, 1936	26,096,155.47	6,505,769.78	24.93
December 31, 1935	24,926,426.46	6,326,658.07	25.38
December 31, 1934	24,818,625.48	6,007,231.01	24.20
December 31, 1933	24,154,373.09	5,899,833.49	24.43
December 31, 1932	26,428,493.63	6,661,106.46	25.20
December 31, 1931	29,855,107.30	7,903,344.74	26.47
December 31, 1930	32,510,721.17	8,311,029.03	25.56
December 31, 1929	34,096,623.03	8,284,093.66	24.29
December 31, 1928	34,843,147.51	8,595,987.73	24.67

Appendix 15

Comparative Power Statistics

	1937	1936	1935	1934	1933
Tons of coal burned	121,749	123,296	122,240	122,635	125,126
Pounds of coal per D. C. kilowatt hour	1.365	1.362	1.359	1.355	1.403
Average price of coal per long ton (at boilers)	$4.89	$4.80	$4.53	$4.34	$4.16
Net cost of power for car service per kilowatt hour (cents)	0.781	0.753	0.761	0.716	0.721
Net cost of power per total car mile (cents)	4.052	4.037	4.030	3.778	3.582
Direct current annual output (k. w.)	199,803,250	202,736,175	201,497,540	202,663,915	199,808,155

Appendix 16

Loan Assessments on Cities and Towns
Chapter 159, Special Acts 1918, as Amended

Cities and Towns	1932 Assessment For 12 mos. ended June 30, 1932		1933 Assessment For 12 mos. ended June 30, 1933		1934 Assessment For 12 mos. ended June 30, 1934	
	Per Cent	Amount	Per Cent	Amount	Per Cent	Amount
Boston	66.3766	$1,178,409.53	64.9186	$1,787,289.65	66.3329	$1,029,242.48
Cambridge	8.4367	149,780.01	8.5531	235,477.46	7.6351	118,468.65
Somerville	6.3690	113,071.33	6.1072	168,138.80	6.1061	94,744.20
Brookline	3.7385	66,371.04	4.5104	124,176.91	3.9319	61,008.62
Malden	3.1137	55,278.72	3.6147	99,517.18	3.7299	57,874.32
Medford	2.9981	53,226.43	3.4001	93,608.97	3.6014	55,880.47
Everett	2.0768	36,870.24	2.2718	62,545.48	2.0238	31,401.93
Watertown	1.9601	34,798.42	2.0002	55,067.99	1.7951	27,853.35
Arlington	1.5549	27,604.74	1.3296	36,605.54	1.3961	21,662.33
Belmont	1.0046	17,835.05	1.0371	28,552.65	.9786	15,184.27
Chelsea	.9437	16,753.87	1.0349	28,492.08	1.0065	15,617.18
Newton	.7911	14,044.71	.5711	15,723.09	.7416	11,506.90
Milton	.6362	11,294.71	.6512	17,928.34	.7210	11,187.27
Totals	100.00%	$1,775,338.80	100.00%	$2,753,124.14	100.00%	$1,551,631.97

Cities and Towns	1935 Assessment For 9 mos. ended March 31, 1935		1936 Assessment For 12 mos. ended March 31, 1936		1937 Assessment For 12 mos. ended March 31, 1937	
	Per Cent	Amount	Per Cent	Amount	Per Cent	Amount
Boston	68.2640	$953,230.85	67.1546	$1,400,980.86	66.2352	$1,191,807.90
Cambridge	7.0485	98,424.47	8.2764	172,662.45	8.1833	147,246.80
Somerville	5.3876	75,231.85	5.3853	112,348.26	4.9078	88,308.85
Brookline	4.4547	62,204.93	3.9949	83,341.69	3.8404	69,102.52
Medford	3.2060	44,768.23	3.2638	68,089.47	3.1111	55,979.80
Malden	3.2942	45,999.85	3.1767	66,272.39	3.1083	55,929.42
Everett	2.0002	27,930.57	2.1187	44,200.37	2.2343	40,203.04
Chelsea	.9570	13,363.44	.9404	19,618.65	1.9739	35,517.51
Revere	.0000	0.00	.0000	0.00	1.3239	23,821.69
Arlington	1.3526	18,887.55	1.7067	35,605.22	1.5464	27,825.26
Watertown	1.6729	23,360.19	1.5670	32,690.79	1.2169	21,896.38
Belmont	.9120	12,735.07	.9694	20,223.65	.9583	17,243.24
Milton	.7483	10,449.18	.7518	15,684.07	.7344	13,214.48
Newton	.7020	9,802.65	.6943	14,484.50	.6258	11,260.38
Totals	100.00%	$1,396,388.83	100.00%	$2,086,202.37	100.00%	$1,799,357.27

Based on traffic counts made in accordance with the provisions of Section 14, Chapter 159, Special Acts 1918 on July 15, 16, 17, 18, 1932, July 14, 15, 16, 17, 1933, July 20, 21, 22, 23, 1934, April 26, 27, 28, 29, 1935, April 24, 25, 26, 27, 1936 and April 23, 24, 25, 26, 1937.

In addition to the above amounts, the expenses of the Commonwealth of Massachusetts for financing the loan assessments are also assessed to cities and towns pro-rata on above percentages. The expenses were for 1932. $8,261.20; 1933, $6,063.55; 1934, $480.19; 1935, $1,639.59; 1936, $1,975.03, and 1937, $6,738.85.

Appendix 17

Passenger Cars, Buses and Trackless Trolleys Owned December 31, 1937

Surface Cars

Semi-Convertible Cars—Type No. 5	470	
Semi-Convertible Cars—Type No. 4	266	
Semi-Convertible Cars—Type No. 4000	54	
Centre Entrance Cars	314	
Trailer Cars	16	
P. C. C. Car	1	
Total Surface Cars		1,121

Rapid Transit Cars

Elevated Cars	325	
Cambridge-Dorchester Tunnel Cars	155	
East Boston Tunnel Cars	48	
Total Rapid Transit Cars		528
Total Surface and Rapid Transit Cars		1,649

Buses

Mechanical Drive	421	
Mechanical Drive (Diesel)	10	
Gas-Electric Drive	34	
Total Buses		465

Trackless Trolleys

Trackless Trolleys	54
Total Passenger Cars, Buses and Trackless Trolleys Owned Dec. 31, 1937	2,168

TWENTIETH

ANNUAL REPORT

OF THE

BOARD OF PUBLIC TRUSTEES

OF THE

BOSTON ELEVATED RAILWAY COMPANY

FOR THE

Year Ended December 31, 1938

The information contained herein is not given in connection with any sale, offer for sale or solicitation of an offer to buy any securities.

TWENTIETH

ANNUAL REPORT

OF THE

BOARD OF PUBLIC TRUSTEES

OF THE

BOSTON ELEVATED RAILWAY COMPANY

FOR THE

Year Ended December 31, 1938

18

BOARD OF PUBLIC TRUSTEES

(Appointed by the Governor of Massachusetts pursuant to Chapter 159 of the Special Acts of 1918)

EDWARD E. WHITING, *Chairman*

ERNEST A. JOHNSON
WILLIAM P. JOY
HENRY J. SMITH, *Secretary*
PATRICK J. WELSH

OFFICERS

(Appointed by the Trustees)

EDWARD DANA	*President and General Manager*
JOHN H. MORAN	*Vice-President and Treasurer*
MICHAEL H. CULLEN	*General Auditor*
WILLIS B. DOWNEY	*General Counsel*
MAURICE P. SPILLANE	*General Claims Attorney*

REPORT OF THE BOARD OF PUBLIC TRUSTEES

OF THE

BOSTON ELEVATED RAILWAY COMPANY

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Report of the Board of Public Trustees of the Boston Elevated Railway Company

THE best index of general business activity in any district is the number of fares collected on its local public transportation system.

Repeatedly that fact has been demonstrated in the Boston area. The severe loss in riding on the "El" from 1929 to the low of 1933 and the reversal of the trend from 1933 until the summer of 1937 was an accurate barometer of business locally. Likewise, the subsequent recession in business was immediately reflected in the riding of the railway until the fall of 1938, since when there has been a slight improvement.

Results of Operation

The results of operations for the calendar year 1938 compared with 1937 are shown on the following table:

	Years Ended December 31 1938	1937	Increase or Decrease (*)
Total Receipts	$25,383,333.23	$25,939,777.15	$556,443.92*
Operating Expenses:			
Wages	12,894,549.68	12,709,180.09	185,369.59
Materials and Other Items	2,295,707.22	2,119,136.67	176,570.55
Injuries and Damages	668,632.65	594,605.71	74,026.94
Depreciation	2,098,119.60	2,447,321.91	349,202.31*
Fuel	842,277.24	840,559.47	1,717.77
Total Operating Expenses	$18,799,286.39	$18,710,803.85	$ 88,482.54
Fixed Charges:			
Taxes	1,626,769.23	1,669,002.46	42,233.23*
Dividends	1,193,970.00	1,193,970.00	——
Subway, Tunnel & R.T.L. Rents	2,822,426.75	2,822,629.46	202.71*
Interest on Bonds	3,952,485.02	3,939,114.19	13,370.83
Miscellaneous Items	129,081.78	130,281.38	1,199.60*
Total Fixed Charges	$ 9,724,732.78	$ 9,754,997.49	$30,264.71*
Total Cost of Service	$28,524,019.17	$28,465,801.34	$58,217.83
Net Loss	$ 3,140,685.94†	$ 2,526,024.19†	$614,661.75
Revenue Passengers Carried	291,175,017	296,397,493	5,222,476*
Revenue Miles Operated	45,799,029	46,796,328	997,299*

† A deficit assessment is determined upon the basis of the railway's fiscal year which terminates as of March 31.

* Indicates decrease.

The net increase in total operating expenses for 1938 as compared to 1937 was $88,482.54. This increase resulted from a number of factors: an increase of $160,490.65 in the cost of removing snow and ice; an increased comparative cost on account of wage agreement adjustments made July 1, 1937 and the cost of operating new bus lines. Offsetting in large part these factors which caused increases in operating expenses were: savings in labor cost arising from a reduction in the average number of employees on the payroll in 1938 as compared to 1937 and a readjustment in the depreciation charge.

Basic Data for Period of Public Control
Calendar Years

Year Ended Dec. 31	Revenue Passengers	Revenue Miles	Receipts	Operating Expenses	Fixed Charges (See Note)	Miscl. Deductions	Net Result of Operations	Average Receipts Per Rev. Pass. (Cents)	Oper. Exp. Per Rev. Pass. (Cents)	Fixed Charges Per Rev. Pass. (Cents)	Average Fare Per Fare Pass. # (Cents)
1919 . . .	324,758,685	53,721,249	$29,498,582.82	$23,700,339.41	$7,873,683.38	$306,659.91	$2,382,099.88*	9.08c	7.30c	2.42c	8.86c
1920 . . .	335,526,561	51,359,855	34,031,636.44	25,769,122.11	8,342,668.69	267,012.88	347,167.24*	10.14	7.68	2.48	9.87
1921 . . .	337,252,080	49,804,625	33,277,025.53	22,843,056.99	9,006,357.65	256,166.02	1,171,444.87	9.87	6.77	2.67	9.56
1922 . . .	356,593,942	50,707,740	32,699,176.37	22,088,458.75	9,073,591.28	124,937.26	1,412,189.08	9.17	6.19	2.54	8.93
1923 . . .	382,149,697	54,156,064	34,096,813.26	24,130,253.41	9,189,868.68	97,059.61	679,631.56	8.92	6.31	2.40	8.71
1924 . . .	382,888,848	56,091,347	34,175,319.61	25,222,133.56	9,355,944.91	233,937.54	636,696.40*	8.93	6.59	2.44	8.73
1925 . . .	365,036,286	55,558,126	34,547,379.61	24,405,735.57	9,462,371.51	177,078.68	502,193.85	9.46	6.69	2.59	9.25
1926 . . .	371,218,401	57,943,381	35,481,313.38	26,076,268.11	9,713,154.75	174,639.64	482,749.12*	9.56	7.02	2.61	9.26
1927 . . .	366,938,908	56,834,029	35,193,410.03	25,132,332.81	9,705,521.39	132,740.34	222,815.49	9.59	6.85	2.64	9.26
1928 . . .	362,005,033	57,481,292	34,843,147.51	24,900,188.69	9,719,134.04	183,773.76	40,051.02	9.63	6.88	2.68	9.28
1929 . . .	354,214,990	56,684,985	34,096,623.03	24,024,747.23	9,871,709.99	106,093.17	94,072.64	9.63	6.78	2.78	9.28
1930 . . .	342,694,905	56,061,843	32,510,721.17	23,527,974.68	10,048,505.49	68,879.81	1,134,638.81*	9.49	6.87	2.93	9.16
1931 . . .	324,788,577	53,553,889	29,855,107.30	22,250,748.25	9,428,547.27	80,757.13	1,904,945.35*	9.19	6.85	2.90	8.87
1932 . . .	291,753,825	51,195,761	26,428,493.63	19,542,428.16	9,322,878.62	132,632.30	2,569,445.45*	9.06	6.70	3.19	8.79
1933 . . .	267,845,429	46,141,119	24,154,373.09	16,829,647.05	9,461,842.77	110,813.53	2,247,930.26*	9.02	6.28	3.53	8.76
1934 . . .	277,034,175	45,822,648	24,818,625.48	16,895,090.49	9,310,234.87	77,789.87	1,464,489.75*	8.96	6.10	3.36	8.72
1935 . . .	280,402,526	46,033,344	24,926,426.46	17,665,412.59	9,387,071.91	103,193.19	2,229,251.23*	8.89	6.30	3.35	8.67
1936 . . .	296,180,666	46,492,077	26,096,155.47	18,410,341.99	9,488,166.08	95,116.41	1,897,469.01*	8.81	6.22	3.20	8.59
1937 . . .	296,397,493	46,796,328	25,939,777.15	18,710,803.85	9,670,191.13	84,806.36	2,526,024.19*	8.75	6.31	3.26	8.54
1938 . . .	291,175,017	45,799,029	25,383,333.23	18,799,286.39	9,641,109.24	83,623.54	3,140,685.94*	8.72	6.46	3.31	8.49

* Denotes excess cost of service over receipts.

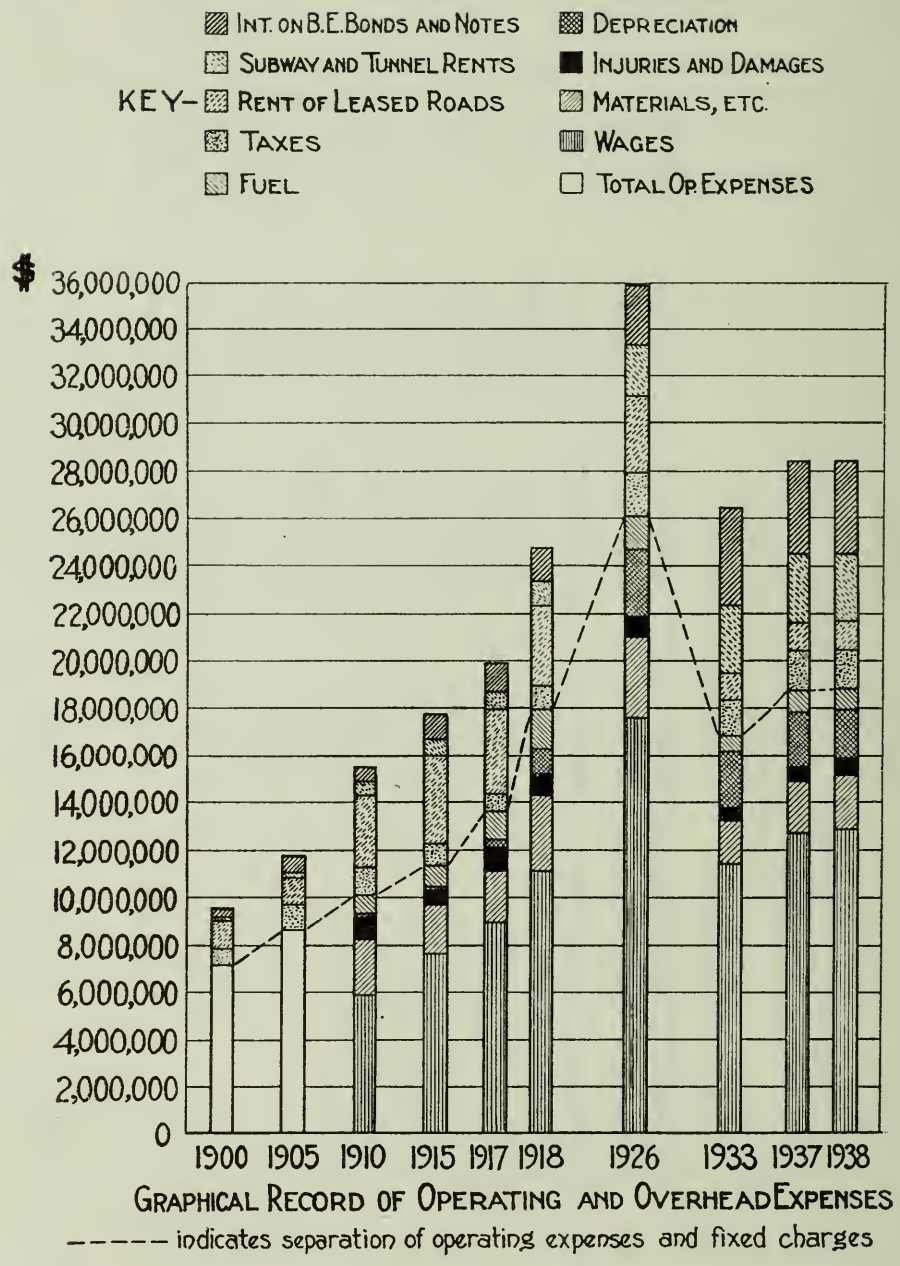
\# Excluding Special Car and Special Bus service.

Note:—Fixed charges include subway rentals, rent of leased roads, taxes, dividends and interest on bonds.

Basic Data for Period of Public Control
Trustee Years Ended June 30 and March 31

Year Ended June 30	Revenue Passengers	Revenue Miles	Receipts	Operating Expenses	Fixed Charges (See Note)	Miscellaneous Deductions	Result of Operations (*For Losses)	Net Adj. Result of Operations Incl. Profit and Loss Items (*For Losses Assessed)
1919	331,348,124	53,569,606	$25,225,575.63	$22,362,171.97	$7,560,212.67	$716,611.21	$5,413,420.22*	$5,415,500.13§
1920	324,192,374	51,865,314	32,671,515.53	24,348,226.45	8,029,594.14	311,304.81	17,609.87*	17,079.95
1921	337,381,994	51,048,015	34,200,286.06	25,102,902.39	8,744,033.15	245,304.75	108,045.77	550,253.52
1922	345,545,009	49,774,298	32,698,965.01	22,113,783.76	9,086,894.45	195,603.45	1,302,683.35	1,385,211.44
1923	373,689,603	52,085,801	33,612,335.20	22,906,489.22	9,183,967.83	93,088.85	1,428,789.30	1,114,557.82
1924	386,263,158	56,068,563	34,262,009.46	25,009,657.54	9,233,372.93	163,181.43	144,202.44*	0.00
1925	370,729,801	55,670,491	34,198,250.91	24,606,418.26	9,412,380.77	210,735.98	31,284.10*	20,581.33
1926	368,932,079	56,552,827	35,087,845.89	25,306,433.69	9,622,903.89	168,562.92	10,054.61*	22,304.46
1927	371,893,575	57,970,731	35,618,066.06	25,834,928.57	9,720,918.98	138,818.02	76,599.51*	60,660.25
1928	363,576,565	57,188,342	35,009,933.28	24,937,185.81	9,674,559.56	169,170.88	229,017.03	895,518.01
1929	356,507,228	57,253,904	34,312,806.18	24,473,329.19	9,857,650.77	161,979.55	180,153.33*	0.00
1930	349,441,431	56,276,807	33,597,154.90	23,707,378.01	9,868,002.52	72,752.68	50,978.31*	0.00
1931	336,693,586	55,015,807	31,202,319.98	22,992,883.56	10,106,115.81	69,009.97	1,965,689.36*	1,969,473.12†
1932	310,919,428	52,806,825	28,376,280.28	21,386,862.60	9,001,671.68	108,548.38	2,120,802.38*	1,775,338.80*
1933	272,448,444	47,887,434	24,632,326.42	17,671,635.53	9,536,605.55	144,336.60	2,720,251.26*	2,753,124.14*
1934	275,723,393	46,015,449	24,753,158.12	16,896,758.04	9,369,839.17	76,121.66	1,589,560.75*	1,551,631.97*
March 31								
1935‡	207,065,714	34,144,810	18,500,541.01	12,888,265.26	6,935,419.91	67,126.55	1,390,270.71*	1,396,388.83*
1936	282,989,838	46,233,477	25,086,709.97	17,854,394.81	9,387,995.81	102,450.51	2,258,131.16*	2,086,202.37*
1937	296,335,489	46,563,392	26,073,097.59	18,280,433.47	9,552,026.07	89,354.29	1,848,716.24*	1,799,357.27*
1938	294,812,459	46,618,447	25,754,063.58	19,047,324.27	9,655,503.46	84,053.48	3,032,817.63*	1,674,823.31*

Note:—Fixed charges include subway rentals, rent of leased roads, taxes, dividends and interest on bonds.
†This deficit for year ended June 30, 1931 ($1,969,473.12) was not assessed upon the cities and towns in the District—Sec. 22, Chap. 333, Acts 1931.
§Of this loss $4,980,151.67 was assessed and was repaid by the Railway between 1922 and 1931.
‡9 Months Period.



Graphical Record of Operating and Overhead Expenses

– – – – – indicates separation of operating expenses and fixed charges

Cost of Transporting a Passenger

The following figures show the cost of service per revenue passenger:

	1938 (cents)	1927 (cents)	1919 (cents)
Wages	4.43	4.56	4.79
Materials and Other Items	.79	.85	1.12
Injuries and Damages	.23	.33	.21
Depreciation	.72	.77	.62
Fuel	.29	.34	.56
Total Operating Expenses	6.46	6.85	7.30
Taxes	.56	.51	.32
Dividends	.41	.84	.89
Subways, Tunnels and R.T.L. Rents	.97	.61	.47
Interest on Bonds and Notes, etc.	1.40	.72	.84
Total Fixed Charges	3.34	2.68	2.52
Total Cost of Service	9.80	9.53	9.82
Total Revenue per Passenger	8.72	9.59	9.08

These figures show that operating expenses per revenue passenger carried have been reduced, but that fixed charges, although practically constant in total, have increased per revenue passenger carried because of the lesser number carried.

Fixed Charges

The fixed charges (shown in table above) amounted to $9,724,732.78 in 1938 and represented 38 per cent. of total receipts.

The magnitude of this sum and the large portion of total income that fixed charges consume, taken together with the loss in riding, account in large part for the deficit.

Analysis, however, of these fixed charges shows that in substantial part they represented payments which revert to the benefit of the general public.

The table below shows that payments of $2,210,518.45 were made in 1938 to retire the principal of bonds of the City of Boston, of the Commonwealth of Massachusetts, and of the Boston Metropolitan District and indicates the purposes for which these bonds were issued.

City of Boston a/c constructing subways	$ 444,419.68
State of Massachusetts a/c acquiring Cambridge Subway	79,480.00
Boston Metropolitan District a/c acquiring railway bonds	1,686,618.77
Total	$2,210,518.45

These payments will result ultimately in the ownership, free of debt, by the public of the subways and railway bonds and also will make possible large future savings in the railway's cost of service.

Of just what significance is this gradual retirement of public debt incurred for construction of the subways and for the purchase of railway bonds?

The simple answer is that the public is gradually acquiring free of debt a well developed, comprehensive and consolidated railway system.

In items of property there is a unified system of underground, overhead and surface lines; hundreds of rapid transit and surface

cars; hundreds of buses and trackless trolleys; shops, garages, carhouses, and various kinds of equipment; and a power production, transmission and distribution system.

In other words, and briefly stated, Boston and its 13 neighboring cities and towns are served, due, in part, to legislative enactments, by a local transportation system which in extent, character and efficiency compares very well indeed with any system serving any metropolitan area in the United States.

Already under the subway Acts funds have been provided from rentals paid by the railway for the retirement of nearly 30 per cent. of the subway debt, as shown in the following table:

Subway or Tunnel	Total Debt Issued	Estimated Net Debt Dec. 31, 1938	Net Reduction in Transit Debt by Railway Payments Amount	Per cent.
Tremont Subway	$4,761,000.	$ 290,500.	$4,470,500.	93.90%
Washington Tunnel	8,521,700.	2,535,300.	5,986,400.	70.25
Cambridge Connection	1,653,000.	936,800.	716,200.	43.33
East Boston Tunnel	9,794,000.	6,029,800.	3,764,200.	38.43
Dorchester Tunnel	12,200,000.	10,418,200.	1,781,800.	14.61
Boylston Subway	6,731,000.	6,289,200.	441,800.	6.56
Dorchester Rapid Transit	11,020,000.	10,435,200.	584,800.	5.31
Total Boston Subways	$54,680,700.	$36,935,000.	$17,745,700.	32.45%
Cambridge Subway	8,229,500.	7,157,000.	1,072,500.	13.03
Totals	$62,910,200.	$44,092,000.	$18,818,200.	29.91%

Payments to the Boston Metropolitan District in excess of interest requirements on its bonds have reduced the District debt as shown in the following table:

	Total Net Debt Issued	Total Debt Dec. 31, 1938	Net Reduction in District Debt by Railway Payments Amount	Per Cent.
Boston Metropolitan District Bonds	$61,457,000.	$56,473,000.	$4,984,000.	8.1%

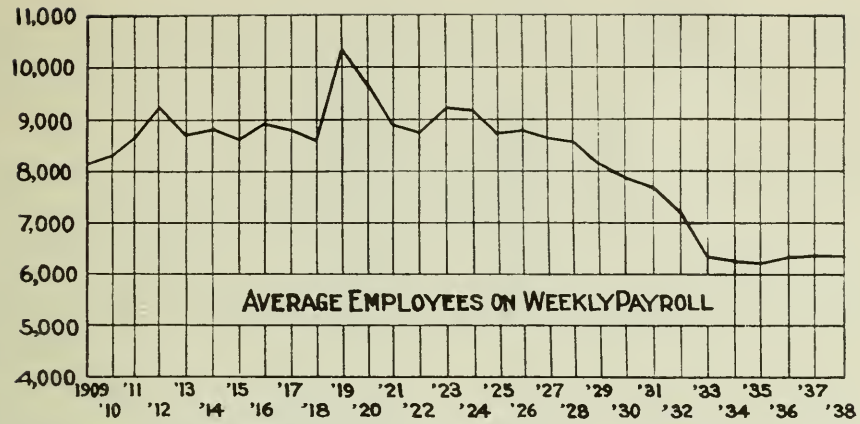
The deficit assessments for the fiscal years 1932 to 1938 totaled $13,036,866.69 and during that same period there were charged to the cost of service payments of $7,549,372.05 which were made available to reduce public indebtedness.

Taxes

Total taxes included in cost of service during the year 1938 amounted to $1,626,769.23, divided as follows:

State Taxes		$167,592.72
Gasoline Tax	$129,338.22	
Registrations — Motor Vehicles and Licenses	38,254.50	
Municipal Taxes		872,499.09
Real Estate and Personal Property Taxes	$821,194.54	
Excise Tax on Motor Vehicles	42,429.10	
Toll Charges, Sumner Vehicular Tunnel	8,875.45	
Federal Taxes		586,677.42
Social Security Taxes	$519,288.76	
Unemployment Insurance $400,366.48		
Old Age Benefit 118,922.28		
Gasoline Tax	43,418.35	
Capital Stock Tax	15,000.00	
Miscellaneous Excise Taxes	8,970.31	
TOTAL TAXES ACCRUED DURING YEAR 1938		$1,626,769.23

It requires 23½ average days' receipts of the railway to pay these taxes, which represent 16.7 per cent. of the fixed charges.



The unemployment insurance taxes levied on the railway and its employees from January 1, 1936 to December 31, 1938 totaled $976,925.76, and the employees have received back in benefits only $26,568.00, or 2.7 per cent. of the total contributions during this period. This section of the social security act places an inequitable burden on the railway in relation to the benefits derived therefrom by its employees.

During the year ended December 31, 1938 an amount of $519,288.76 for social security taxes was included in the cost of service. This is an important element in increasing the deficit.

Bill to Retire Common Stock Fails to Pass

In 1938 a bill which authorized the retirement of the common stock of the railway and the issue of Boston Metropolitan District bonds in an amount sufficient to accomplish that purpose failed to pass.

Had this bill become effective the annual fixed charges of the railway would have been reduced substantially.

Depreciation

Depreciation is the charge which provides for the inevitable wearing out of any property. Unless such a charge is made there would be no means available for the replacement of worn out and obsolete property.

The depreciation charge amounted to $2,098,119.60 for the year 1938 and $2,447,321.91 for 1937. This represented 8.26 per cent. of gross income and 2.68 per cent. on the investment in depreciable property for 1938 as compared with 9.43 per cent. and 3.09 per cent. respectively, for 1937.

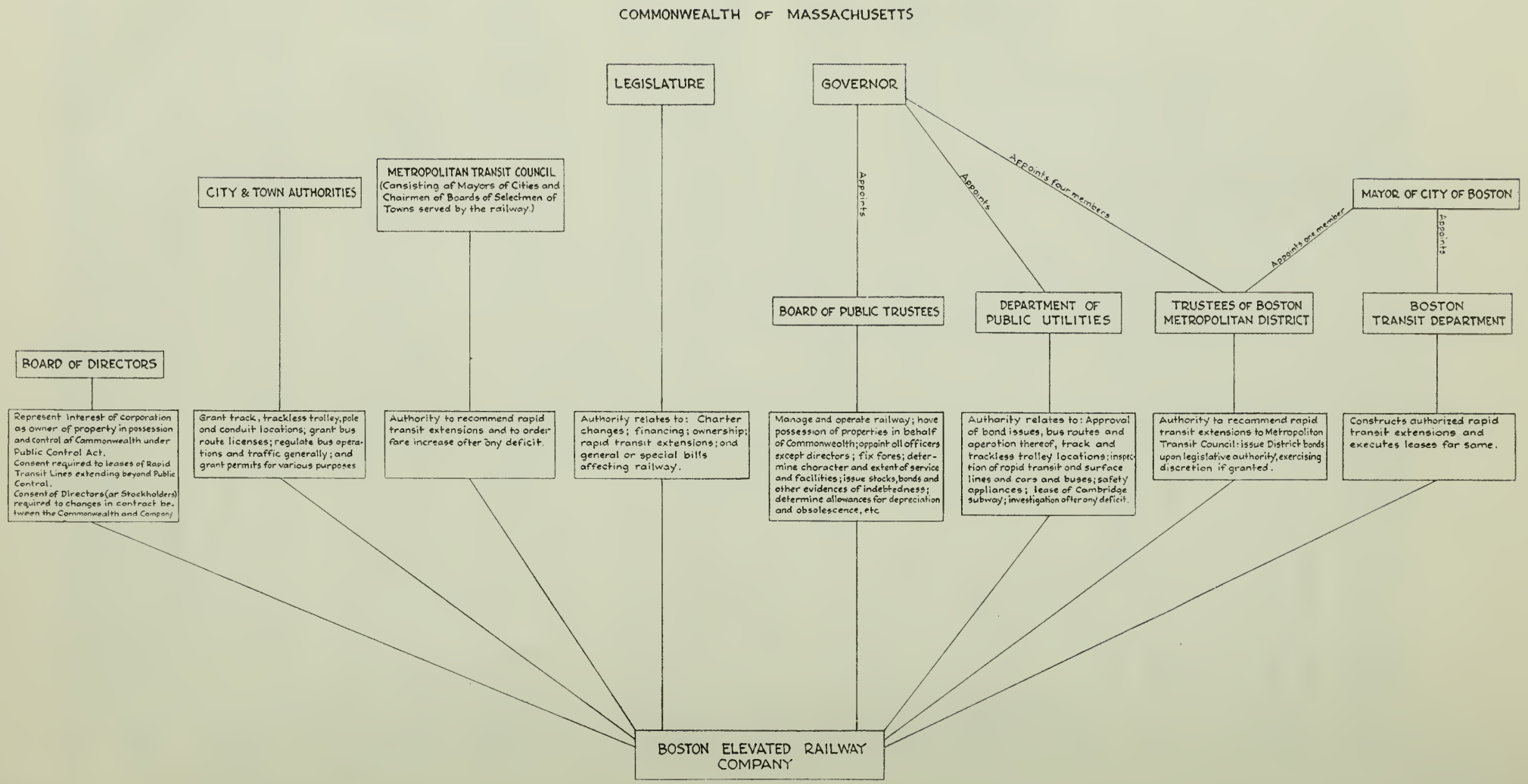
Wage Rates

The wage rates for surface car and bus employees on the Boston Elevated Railway are in line with rates paid for the same kind of work on railways of comparable size in other principal cities of the United States.

The Elevated wage cost per revenue passenger for 1938 was 4.43 cents compared with 4.77 cents in the year 1926 when 80 million more passengers were carried.

These figures indicate the efforts made to keep operating expenses in conformity with the decrease in passengers carried and

CHART SHOWING RELATIONSHIP UNDER EXISTING LAWS BETWEEN CERTAIN OFFICERS AND PUBLIC ENTITIES AND THE BOSTON ELEVATED RAILWAY COMPANY



receipts. They show that in spite of increased hourly wage rates, the wage cost per revenue passenger carried was lower in 1938 than for 1926 when 80 million more passengers were carried.

Departmental Organization

The average number of employees on the weekly payroll was 6,298 in 1938 as compared with 6,329 in 1937.

In the report of last year the division of employees was shown by labor organizations. The following table shows the division of employees on the weekly payroll by departments for a representative week:

Transportation Dept.		
Uniformed men, Surface Lines	2,170	
Uniformed men, Rapid Transit Lines	413	
Station & Misc. Transp. Service, Surface Lines	252	
Station & Misc. Transp. Service, Rapid Transit Lines	586	
Transp. Offices & Misc.	23	
Total Transportation Dept.		3,444
Rolling Stock & Shops Dept.		
Surface Lines carhouses	311	
Rapid Transit Lines carhouses	131	
Repair shops	498	
Garages	241	
Yard Crew, Offices, Misc.	51	
Total R. S. & S. Dept.		1,232
Maintenance Dept.		
Surface Lines Road Div.	201	
Rapid Transit Lines Div.	277	
Stores & Yard Div.	64	
Building Maintenance Div.	93	
Structural Maintenance Div.	123	
Engineers and Office	39	
Heating Plants	18	
Total Maintenance Dept.		815
Power Dept.		
Wire & Conduit Service	143	
Power Operation	238	
Elec. Engineering, Storeroom and Office	73	
Total Power Dept.		454
General Offices		283
Total Weekly Payroll		6,228
Monthly paid employees*		63
Executive Officers*		5
Total		6,296

* As of December 31, 1938.

Wage Adjustments

More than 60 per cent. of the employees belong to the Amalgamated Association of Street and Electric Railway Employees.

The record of wage adjustments since 1913, arrived at either by mutual agreements or as a result of arbitrations, and their effect upon operating expenses, is of interest, and is shown on the following page.

Wage Adjustments with Amalgamated Association of Street and Electric Railway Employees

Arbitration Awards		Agreements Without Arbitration			Working Conditions Car & Trainmen		
Effective Date	Estimated Annual Increase Awarded	Effective Date	Estimated Annual Amount Increase	Decrease	Maximum Rate 2-Man Surface Cars	Maximum Platform Hours Per Day	Days Worked Per Week
May 1, 1913	$855,000.a				30½, 31¼, 32	9½	7
		May 1, 1916	$875,000.a		34, 34¾	9½	7
Mar. 1, 1918	500,000.				36¾, 37½	9½	7
June 15, 1918	3,000,000.				48	9½	7
May 1, 1919	2,400,000.				60	8¼	7
May 1, 1920	2,300,000.				70	8¼	7
		July 1, 1921		$500,000.	68, 65	8¼	7
		July 1, 1922		400,000.	63, 61	8¼	7
July 1, 1923	1,800,000.				70	8¼	7
July 1, 1924	500,000.				72½	8¼	7
July 1, 1925	45,000.b				72½	8¼	7
		July 1, 1926	75,000.c		72½	8¼	7
		July 1, 1927	300,000.		75	8¼	6
		July 1, 1928	125,000.d		75	8¼	6
		July 1, 1929	133,000.e		75	8¼	6
		July 1, 1931	None	None	75	8¼	6
		July 1, 1932		800,000.	68½	8¼	6
July 1, 1933	237,000.				71	8¼	6
		July 1, 1934	141,500.		71, 72, 72½, 73½	8¼	6
		July 1, 1935	184,950.		73½, 75	8¼	6
		July 1, 1936	7,500.f		75	8¼	6
		July 1, 1937	348,332.		78	8¼	6
		July 1, 1938	None	None	78	8¼	6

Notes:
a Does not include cost of betterment in working conditions.
b One-man car rate differential increased from 8c to 10c per hour.
c Increases granted certain miscellaneous employees.
d One week vacation, effective in 1929.
e Ten days' vacation effective in 1930, and two weeks' vacation effective in 1931.
f Eight hours' pay for holidays, if called.

Labor Turnover

The following table shows the labor turnover of the blue uniformed force for a period of 35 years. It indicates the stability of employment since public control as compared with earlier years when over one-half of the force was renewed every year, a condition not conducive to efficient service for the riding public.

Year	Newly Hired	Returned from Layoff	Returned from War Service	Laid Off	Dismissed	Resigned	Deceased and Pensioned	Left for War Service
1904	2,029				1,116	758	25	
1905	1,949				1,152	937	24	
1906	2,885				866	1,222	26	
1907	1,975				932	1,093	21	
1908	1,243				832	588	29	
1909	2,303				1,071	1,137	30	
1910	2,632				1,027	1,175	33	
1911	2,300				1,116	1,178	40	
*1912	8,699				5,045	3,088	38	
1913	1,468				633	609	41	
1914	691				427	376	26	
1915	663				404	255	40	
1916	959				321	384	46	
1917	1,735				596	889	42	647
1918	3,647		128		1,285	1,644	92	647
1919	171		902	448	424	338	57	
1920		150	65	244	170	133	57	
1921		51		350	75	56	31	
1922		321		26	60	66	48	
1923	237	238			52	77	42	
1924	99	104		75	67	55	51	
1925	83	153		149	29	34	55	
1926	55	108		96	31	47	51	
1927	56	257		261	42	23	52	
1928	38	140		181	37	13	82	
1929	141			178	16	21	54	
1930	126			214	20	16	46	
1931	74			244	20	6	52	
1932				315	20	2	62	
1933	85			165	8	3	53	
1934	38				12	10	58	
1935	149				22	14	57	
1936	103				14	6	70	
1937	39				16	8	82	
1938	43				6	13	78	

* Due to strike.

Personnel Training

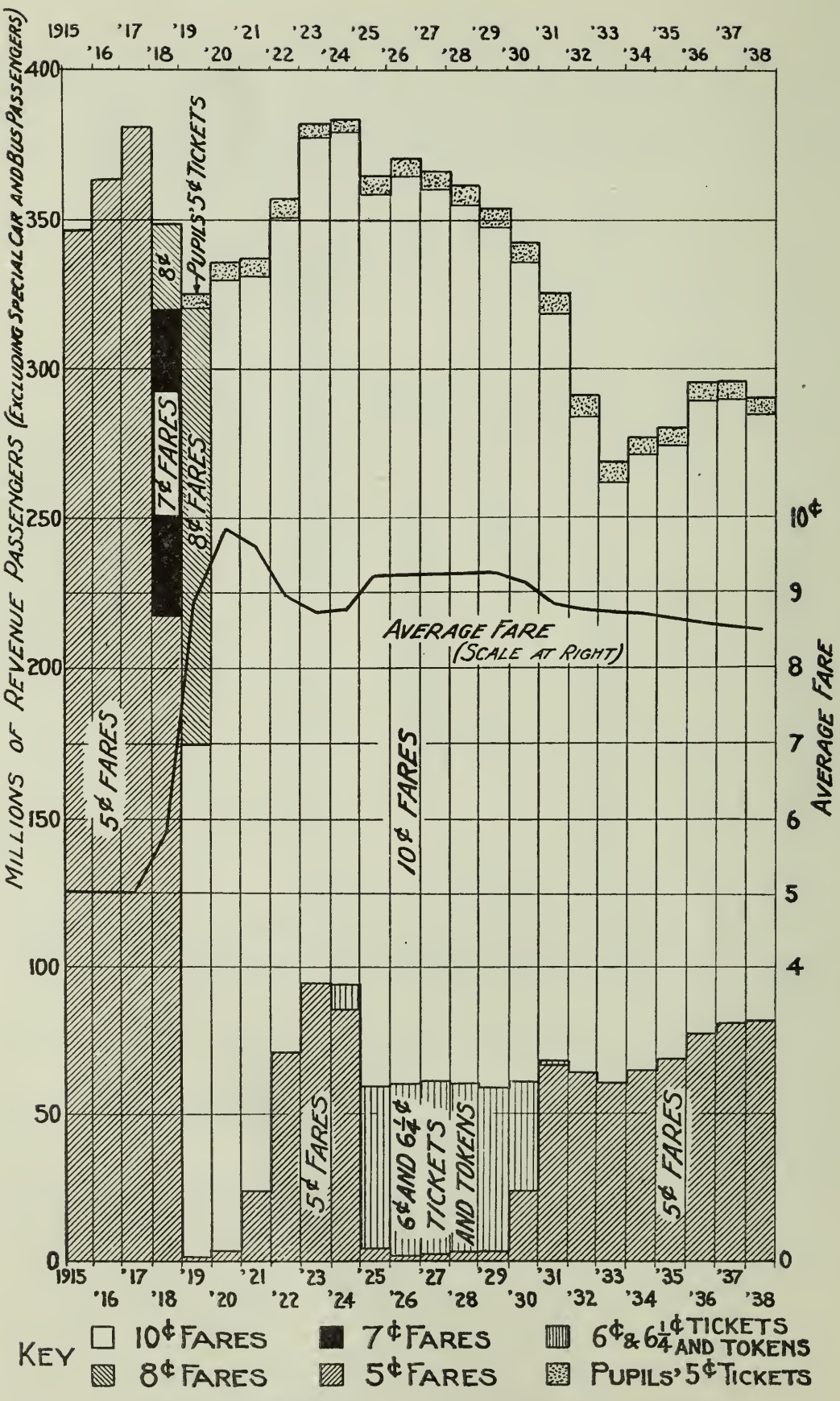
A well-selected, trained and informed personnel is essential to good transportation service. An appropriate merit plan has been in effect on the property in making promotions from the ranks to supervisory positions.

Training and instruction work in a large organization is of great but intangible value.

A recent series of lectures on the diesel bus engine and a fifth practical laboratory course in arc and acetylene welding, just completed, are examples of special instruction.

To inform "El" employees, a bulletin appropriately entitled "Co-operation", is issued. With 1938 it ended its 17th year. It contains regular operating data, news of construction and other helpful material.

The railway's progress in accident reduction has earned for it an unprecedented number of awards of the Anthony N. Brady Memorial Medals by the American Museum of Safety. Its record of awards bars the railway from the Brady Medal competition until 1942. This notable record has been achieved primarily through



DATA OF FARES COLLECTED, 1915-1938

analysis and follow-up methods supplemented by special instruction and the use of every available means for keeping employees supplied with up-to-the-minute accident facts. Trophy contests in the two surface lines divisions and the award of safe drivers' certificates in the maintenance and rolling stock and shops departments have been features in 1937-1938.

Safety

In spite of the severe weather in the early part of 1938, the collision record of the surface lines has continued creditable. The figures of surface vehicle accidents for the last three years are shown below:

	1938	1937	1936
Surface vehicle collisions	4,040	3,790	4,381
Surface vehicle boarding and alighting accidents	1,047	1,077	927

Derailments of surface cars, once a serious cause of delay, were 59 in 1938, 58 in 1937, and 73 in 1936. For each year, surface car derailments were less than a tenth of what they were in the early years of trustee control.

The railway has established an excellent record in the reduction of industrial accidents, as indicated below:

	Total No. of Injuries
1938	565
1937	543
1936	613
1931	835
1926	1,460

Salaries

Last year's report showed that there were fewer salaries of $6,000 annually or higher on the railway than on other rapid transit systems in the United States and that the total of these salaries on the Elevated represented three-quarters of one per cent. of operating expenses, a much lower percentage of operating expenses than on these other rapid transit systems.

The latest reports made to the Department of Public Utilities by the utilities and railroads hereabouts indicate that salaries of more than $6,000 on the Boston Elevated represent the lowest percentage of operating expense of all the comparable companies.

The following is a comparison of salaries of $6,000 or more on the Elevated in 1913 with 1938 and a comparison of the total annual weekly payroll for these same two years.

	1913	1938	Per Cent. Decr.	Per Cent. Incr.
Officials receiving $6,000 or more	15	15		
Total amount paid above officials	$183,500.	$142,875.	22.1	
Annual weekly payroll	$7,246,000.	$12,966,000.		78.9
Average weekly wage	$16.00	$39.48		146.8
Average number of employees on weekly payroll	8,709	6,298	27.7	

Traffic and Fares

That the Boston Elevated Railway has done relatively well during 1938 is evidenced by a comparison of the decreases in passenger receipts, as compared with 1937, of other metropolitan systems, as follows:

City	Company	12 months ended Dec. 31
Detroit	City of Detroit Dept. of St. Rys.	10.86%
Pittsburgh	Pittsburgh Rys. Co.	9.02
Cleveland	The Cleveland Ry. Co.	8.46
Chicago	Chicago Surface Lines	7.25
Philadelphia	Philadelphia R. T. Co.	6.64
New York	Interborough Rapid Transit Co.	5.29
St. Louis	St. Louis Public Service Co.	4.97
Kansas City	Kansas City Public Service Co.	4.55
New York	Brooklyn-Manhattan Transit System	4.18
Newark	Public Service Coordinated Transport	3.63
Baltimore	Baltimore Transit Co.	3.11
Indianapolis	Indianapolis Railways, Inc.	2.96
Boston	Boston Elevated Railway Co.	2.34

The Boston Elevated system was planned and constructed to bring passengers to a compact downtown central area.

The subway and rapid transit lines are radial arteries converging upon this area. Into these arteries flows the traffic from numerous connecting surface car, trackless trolley and bus lines from the outer territory.

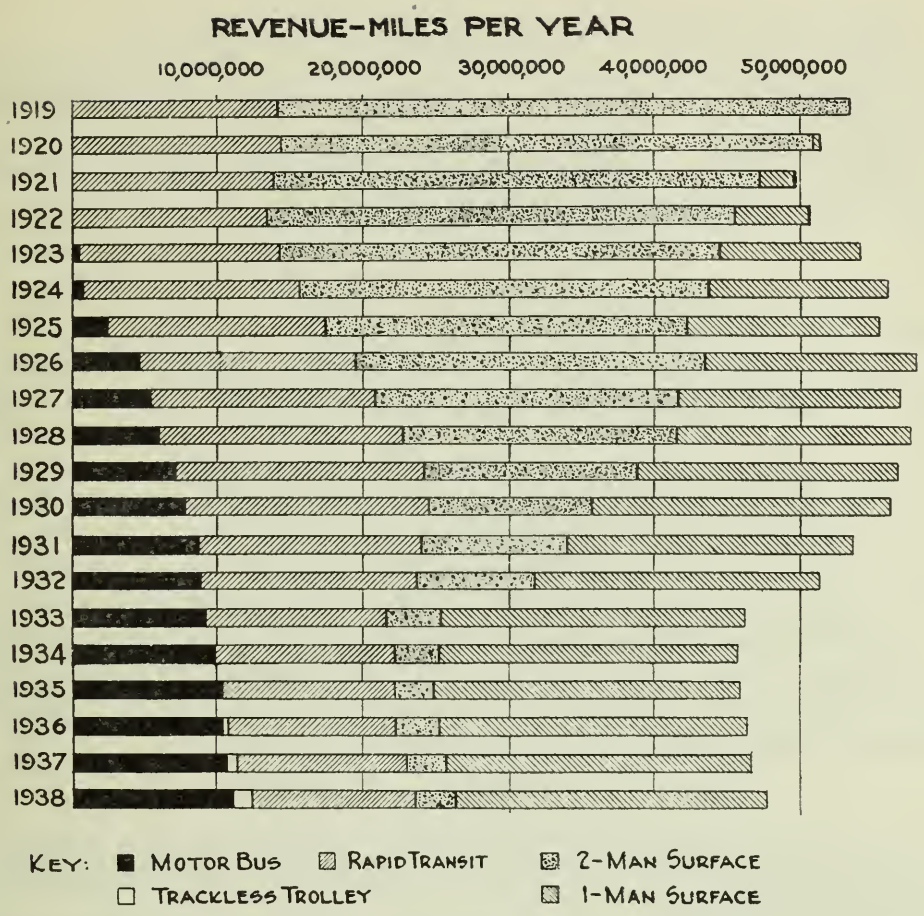
Vehicle stagnation, decline of activity in central Boston, and demolition of many buildings and the use as parking areas of the land upon which they formerly stood, — all these are factors vitally affecting the use of the radial transportation lines.

That the factors just mentioned have affected the Elevated is shown by the decrease in the percentage of the total revenues collected at subway and elevated stations: whereas in 1931 this percentage was 64.27 per cent., in 1938 it was 61.41 per cent.

Five-Cent Local Rides

As an experimental step towards reducing the deficit the trustees voted to discontinue five-cent local rides from Saturday, November 19, 1938, for a trial period. A conference between the trustees and the mayors and chairmen of boards of selectmen, or their representatives, was held. At this conference, at which were represented ten of the fourteen cities and towns served by the railway, the Board of Trustees was unanimously asked to postpone the discontinuance of five-cent local rides. The trustees assented to this request.

In recent years there has been an increase in the total of five-cent local rides. A more important factor, however, than the actual increase in number of five-cent local rides has been the increase in the percentage of these local rides to the total fares resulting from the severe drop in the number of ten-cent fares. Taken together these two factors have resulted in decreasing the average fare from 8.87 cents in 1931 to 8.49 cents in 1938, or nearly two-fifths of a cent.



Bus Service

Bus mileage operated by the railway during 1938 continued to increase. In 1937 the bus revenue miles operated were 10,643,257, whereas in 1938 the bus revenue miles operated were 11,032,794.

As of the end of 1938 the railway operated bus service over 169 miles of streets as compared to an operation of over 159 miles of streets in 1937.

New bus routes put in operation during 1938 were as follows:
Fish Pier to State street; and
Army Base to South Station.

The two lines above superseded the service formerly operated by Rawding Lines, Inc., and supplemented a Rowes Wharf-South Station line operated by the Elevated. Later the Fish Pier-State street line was extended to Haymarket square via Atlantic avenue, Hanover and Cross streets in connection with the discontinuance of the Atlantic avenue elevated train service.

Allston to Dudley street station, replacing car line.

South Huntington avenue and Heath street to Dudley station.

Dudley station to Tremont and Dover streets via Washington and Dover streets, replacing a car line between Dudley station and North Station.

Night bus lines replaced night car lines as follows:

Watertown station to Harvard square via Mt. Auburn street;

Clarendon Hill station to Lechmere terminal via Highland avenue;

Davis square to Sullivan square station via Somerville avenue, Union square and Washington street.

Trackless Trolley Service

Trackless trolley operation on the Elevated began on April 11, 1936 and is now well established.

The revenue miles operated almost doubled in 1938 as compared with the prior year. The revenue mileage for trackless trolley operation was 1,434,869 in 1938. The railway operated trackless trolley service, as of December 31, 1938, over 18 miles of streets.

Two new trackless trolley lines were opened during 1938. The Huron avenue line in Cambridge, operating from the Harvard square station to the intersection of Mt. Auburn street and Huron avenue, began service on April 2. Ten units are operating on this line. The Lebanon street line, operating from the Everett terminal to Lebanon street and Swain's Pond road, Malden, began service on December 31. Twenty-four units operate on this line, either to Lebanon street or to Malden square.

Increase in Chartered Bus Service

Due to constant efforts the railway's chartered bus service for group outings, picnics, convention meetings and the like has shown a satisfactory increase.

The table below shows the salient figures with respect to the amount of chartered bus business performed during three years which are relatively comparable.

	1938	1937	1933
Revenue	$81,681.70	$70,688.08	$30,980.53
Revenue Mileage	114,706	96,138	40,819
Number of Orders	5,347	4,394	2,002
Number of Buses	6,970	5,918	2,905

Discontinuance of Atlantic Avenue Service

On October 1, 1938 train service on Atlantic avenue was discontinued after having been in operation since August 22, 1901.

Changed conditions in passenger traffic made possible the discontinuance of this service and will result in an estimated annual operating saving of $140,000.

Passengers formerly using the service have been provided with increased service in the Washington street tunnel and with an extension of bus lines on Atlantic avenue.

Closing of Carhouse

The Charlestown Neck carhouse has been closed as an operating carhouse and the passenger cars formerly repaired here have been transferred to Salem street carhouse for maintenance. A number of service cars will be inspected at this carhouse by the rapid transit inspection force, but heavy repairs will be made at the Everett shops.

Complaints

During 1938 there were 1,232 complaints registered; 248 concerning service and 984 concerning employees. Each of these was given careful attention and a representative of the railway interviewed the complainant where possible. This compares with 1,124 complaints in 1937 and with an annual average of 1,285 during the preceding four years.

Fare Evasions

During 1938 a total of 338 cases were prosecuted in the Courts for various offences, such as use of "slugs", misuse of transfers, misuse of tickets, evasion of fares, etc., and convictions were obtained in all but 36 cases.

The use of bad coins in automatic passimeters has been reduced from 107,501 in 1931 to 10,793 in 1938, the lowest figure thus far.

Illegal Transportation

The extent to which revenue is diverted from the Boston Elevated by reason of illegal taxicab operations is not generally appreciated. During the year the railway has, with the co-operation of the Police Department of the City of Boston, continued its efforts to stop such practices; 727 cases of illegal taxicab operation were detected, resulting in license suspensions of 3,696 days.

Hurricane

The hurricane of September 21, the worst this section has ever experienced, interrupted service on the system to some extent, but with the exception of the Fellsway line, where the falling of large numbers of trees pulled down poles and wires, all lines were opened the morning after the storm. The incidental expense to the railway was small.

Plant and Equipment Changes

Everett Shops. The railway's shops at Everett are being enlarged to provide facilities for economical maintenance of rapid transit and surface cars, trackless trolleys and buses. This will permit the abandonment of the obsolete shops at Albany street, the transfer of unit overhaul of buses from the Somerville garage, where the provisions are now inadequate for this purpose, and the closing of the Sullivan Square rapid transit machine shop.

Washington Street Garage, Roxbury. The existing bus garage facilities at 2527-2569 Washington street, Roxbury, have been enlarged by an additional storage unit which increases the capacity at this point from 158 buses to 194 buses.

New Emergency Truck Garage. A single-unit brick garage, built adjoining the Everett carhouse, was put in service on November 19. This carhouse is now devoted exclusively to trackless trolleys, and the new emergency crew quarters are central to the several trackless trolley lines in this region.

Footbridge at Columbia Station. A footbridge from the island platform at Columbia station on the Dorchester rapid transit extension to the nearby commercial parking area with a capacity for

1,000 automobiles was built by the Transit Department of the City of Boston late in 1938. It crosses the railway's westbound track and four tracks of the N. Y., N. H., & H. R.R.

Track Abandonment. From July 1, 1918 to December 31, 1938 (the period of public control) more than 180 miles of surface track has been abandoned.

The surface track rebuilt or repaired recently has been as follows:

1938	4.96 miles
1937	5.63 "
1936	7.17 "
1935	8.41 "

Passenger Equipment. Over the period of twenty years the rolling stock equipment of the railway has undergone an almost complete transformation.

The box and open cars and the so-called articulated cars have disappeared from the property. The wooden elevated cars likewise have been retired and replaced by steel cars.

From the beginning of bus operation to date the railway acquired 777 buses. Of these, 276 have been replacements. The railway has also placed in service 92 trackless trolleys.

The table that follows shows the changes in passenger equipment during the period of public control.

	Owned 1918	Acquired 1918-1938	Retired 1918-1938	On Hand Dec. 31, 1938
SURFACE CARS				
Semi-Convertible Cars:				
Types No. 1 to No. 4	453	-----	187	266
Type No. 5	-----	471	1	470
Type "4000"	-----	64	10	54
Center Entrance Cars	100	305	115	290
Trailer Cars	174	50	212	12
P.C.C. Cars	-----	1	-----	1
Birney Type Cars	1	80	81	-----
Articulated Cars	177	-----	177	-----
Box Cars	1,113	-----	1,113	-----
Open Cars	1,354	-----	1,354	-----
Total Surface Cars	3,372	971	3,250	1,093
RAPID TRANSIT CARS				
Elevated Cars, Wooden and Steel	169	-----	169	-----
Elevated Cars, Steel	162	163	-----	325
Camb.-Dorch. Tunnel Cars, Steel	60	95	-----	155
East Boston Tunnel Cars, Steel	-----	48	-----	48
Total Rapid Transit Cars	391	306	169	528
BUSES				
Mechanical Drive	-----	705	250	455
Diesel-Electric Drive	-----	24	-----	24
Diesel-Hydraulic Drive	-----	2	-----	2
Gas-Electric Drive	-----	46	26	20
Total Buses	-----	777	276	501
TRACKLESS TROLLEYS	-----	92	-----	92
TOTALS	3,763	2,146	3,695	2,214

Conclusion

In this annual report the trustees present in detail many of the factors affecting the railway. This is done for the purpose of bringing before all concerned the difficulties confronting the Board in restoring the railway to a self-supporting basis.

The weight of fixed charges, the effects of a decentralizing Boston and the lower level of railway revenues prevailing for several years present the chief elements in the problem and indicate that there is no quick and easy way of making the railway self-supporting.

In many of its aspects the problem is a community one. The railway system, constructed over a long period of years under different conditions than the present, has made possible the highly developed central area. The underground rapid transit lines are of vital necessity to this business area.

Considerations of vital importance to the residents of the Metropolitan District, for whom an efficient mass transportation system is a necessity and upon whom the burden of deficits rests, are: freedom in the movement of traffic, reduction in the weight of fixed charges on the railway and certainty that the mass transportation system shall obtain every item of income that it should properly receive.

All responsible agencies should co-operate to the end of reducing or eliminating the deficits for the fact must be faced that there are but two alternatives: either the railway must be made self-supporting or else the principle must be permanently accepted that mass transportation is to be partially subsidized through general taxation.

BOARD OF PUBLIC TRUSTEES,
BOSTON ELEVATED RAILWAY COMPANY,
EDWARD E. WHITING, *Chairman*
HENRY J. SMITH, *Secretary*
ERNEST A. JOHNSON
WILLIAM P. JOY
PATRICK J. WELSH

February 1, 1939.

Appendix 1

Lybrand, Ross Bros. & Montgomery

Boston, Massachusetts

To the Trustees of
Boston Elevated Railway Company:

We have made an examination of the accompanying general balance sheet of the Boston Elevated Railway Company as at December 31, 1938 and of the accompanying income statement for the twelve months ended December 31, 1938. In connection therewith we examined or tested accounting records of the company and other supporting evidence and obtained information and explanations from officers and employees of the company; we also made a general review of the accounting methods and of the operating and income accounts for the period, but we did not make a detailed audit of the transactions.

In our opinion, the provision for depreciation of road and equipment in the year 1938 charged to cost of service as shown in the accompanying schedule of operating expense accounts is fair and reasonable, but the amount of accrued depreciation appearing in the accompanying balance sheet is inadequate. Reference is made to the comparison of the depreciation charges to cost of service in the years 1938 and 1937, shown in the report of the Board of Trustees of the company.

In our opinion, based upon such examination, and subject to the comments in the preceding paragraph, the accompanying general balance sheet as at December 31, 1938 and income statement for the twelve months ended December 31, 1938, fairly present, in accordance with accepted principles of accounting consistently maintained by the company during the year, the position of Boston Elevated Railway Company at that date and the results of operations under public control for the year then ended.

(Signed) Lybrand, Ross Bros. & Montgomery.

Boston, Massachusetts
January 30, 1939.

Appendix 2

General Balance Sheet

Assets	Dec. 31, 1938	Dec. 31, 1937
Investments		
Road and Equipment:		
Way and Structures	$60,464,690.61	$60,839,199.65
Equipment	31,392,789.78	31,572,270.07
Power	15,560,341.82	15,551,432.51
General and Miscellaneous	1,972,733.17	1,972,702.63
Unfinished Construction	888,819.62	204,430.65
Total Road and Equipment	**$110,279,375.00**	$110,140,035.51
Miscellaneous Physical Property	**$815,654.67**	**$847,723.98**
Other Investments:		
U. S. Treasury Notes	$2,003,908.83	$3,035,955.53
Mortgage Notes	155,550.50	163,100.50
Advances, Road and Equipment:		
Eastern Massachusetts Street Railway Company	206,257.37	191,221.02
Total Other Investments	**$2,365,716.70**	**$3,390,277.05**
Total Investments	**$113,460,746.37**	**$114,378,036.54**

General Balance Sheet—*Continued*

Liabilities	Dec. 31, 1938	Dec. 31, 1937
Stock		
Capital Stock:		
Common Stock	$23,879,400.00	$23,879,400.00
Premium on Capital Stock:		
Common Stock	2,707,428.13	2,707,428.13
Total Stock	**$26,586,828.13**	**$26,586,828.13**
Bonds		
Funded Debt Unmatured:		
4½% 30 yr. B. E. Ry. Co. Bonds, Due Nov. 1, 1941	$5,000,000.00	$5,000,000.00
5% 30 yr. B. E. Ry. Co. Bonds, " Dec. 1, 1942	8,286,000.00	8,286,000.00
5% 30 yr. W. E. St. Ry. Co. Bonds, " Mar. 1, 1944	2,600,000.00	2,600,000.00
7% 30 yr. W. E. St. Ry. Co. Bonds, " Sept. 1, 1947	570,000.00	570,000.00
4½% 15 yr. B. E. Ry. Co. Bond, " Aug. 1, 1949	1,581,000.00	1,581,000.00
5% 25 yr. B. E. Ry. Co. Bond, " Jan. 1, 1960	6,309,000.00	6,309,000.00
5% 25 yr. B. E. Ry. Co. Bond, " Mar. 1, 1960	8,500,000.00	8,500,000.00
4½% 25 yr. B. E. Ry. Co. Bond, " Dec. 15, 1960	7,711,000.00	7,711,000.00
4½% 25 yr. B. E. Ry. Co. Bond, " June 1, 1961	3,815,000.00	3,815,000.00
4¼% 25 yr. B. E. Ry. Co. Bond, " Jan. 1, 1962	2,098,000.00	2,098,000.00
4¾% 25 yr. B. E. Ry. Co. Bond, " Oct. 1, 1962	4,800,000.00	4,800,000.00
6% B. E. Ry. Co. Bonds Authorized Under Sec. 4, Chapter 333, Acts 1931	23,430,917.00	23,430,917.00
6% B. E. Ry. Co. Bond, Auth. Sec. 4, Chap. 333, Acts 1931, as amended by Sec. 1, Chap. 299, Acts 1932	1,500,000.00	1,500,000.00
Total Bonds	**$76,200,917.00**	**$76,200,917.00**

General Balance Sheet—*Continued*

Assets	Dec. 31, 1938	Dec. 31, 1937
Current Assets		
Cash	$1,487,650.14	$1,457,891.40
Special Deposits:		
Interest, Dividends and Rents Unpaid	$328,769.93	$324,884.42
For Preferred Stock Redemption	1,377.39	1,791.35
Employes' Social Security Taxes	29,134.69	22,761.64
Reserve Fund, Chap. 159, Spec. Acts, 1918	——	——
Total Special Deposits	$359,282.01	$349,437.41
Miscellaneous Accounts Receivable	$395,217.34	$381,740.18
Material and Supplies	1,868,802.77	1,943,916.19
Interest, Dividends and Rents Receivable	13,163.25	12,484.80
Other Current Assets	39,080.00	39,030.00
Total Current Assets and Special Deposits	$4,163,195.51	$4,184,499.98
Unadjusted Debits		
Rents and Insurance Premiums Paid in Advance	$88,468.00	$120,561.00
Discount on Funded Debt	1,187,257.14	1,260,343.02
Other Unadjusted Debits	61,449.39	81,775.14
Total Unadjusted Debits	$1,337,174.53	$1,462,679.16
Total Assets	$118,961,116.41	$120,025,215.68

Notes: Amounts advanced by Commonwealth of Massachusetts for deficits in Cost of Service July 1, 1931 to March 31, 1938 totalled $13,036,866.69 as at December 31, 1938.

The federal income tax liability, if any, for the years 1931 to 1938 inclusive, has not been finally determined. As a result of an unanimous decision of the United States Board of Tax Appeals sustaining the contention of the railway from which decision an appeal has been taken by the U. S. Treasury Department, no provision has been made for such taxes in 1938, and the reserves provided at the end of 1937 for the years 1931 to 1937 inclusive, have been reduced to approximately $300,000. during 1938 by a credit to the cost of service deficit for the year ended March 31, 1938.

Net surplus credits not reflected in the income statement following amounted to $1,363,209.29 (including $1,262,208.40 reduction of federal tax reserves) for the calendar year 1938 and $7,233.90 for the calendar year 1937. Under the provisions of the Public Control Act as amended, amounts advanced by the Commonwealth of Massachusetts are based on deficits in cost of service for the twelve month periods ending March 31.

General Balance Sheet—*Concluded*

Liabilities	Dec. 31, 1938	Dec. 31, 1937
Current Liabilities		
Audited Accounts and Wages Payable	$653,998.52	$473,671.08
Matured Interest, Dividends and Rents Unpaid	337,646.68	333,766.42
Accrued Interest, Dividends and Rents Payable:		
Accrued Interest on Funded Debt	924,333.91	924,333.91
Accrued Rent of Leased Roads	5,678.36	5,678.36
Accrued Rent of Subways, Tunnels & R. T. L.	111,796.66	110,440.84
Total Accrued Interest, Dividends and Rents Payable	$1,041,808.93	$1,040,453.11
Total Current Liabilities	$2,033,454.13	$1,847,890.61
Deferred Liabilities		
Liability for Provident Funds	$29,582.23	$22,761.64
Other Deferred Liabilities	11,954.47	12,340.64
Total Deferred Liabilities	$41,536.70	$35,102.28
Unadjusted Credits		
Tax Liability:		
Federal	$169,507.28	$1,517,303.87
State and Municipality	—	500.00
Total Tax Liability	$169,507.28	$1,517,803.87
Premium on Funded Debt	$20,333.64	$24,260.16
Injury and Damage Reserve	$1,035,479.00	$1,071,141.97
Accrued Depreciation—Road and Equipment	$16,304,796.56	$16,226,987.31
Other Unadjusted Credits:		
Outstanding Tickets and Tokens	$41,178.63	$70,586.28
Unredeemed Preferred Stocks	6,941.00	7,349.71
Other Unadjusted Credits	548,997.49	362,548.17
Total Other Unadjusted Credits	$597,117.12	$440,484.16
Total Unadjusted Credits	$18,127,233.60	$19,280,677.47
Corporate Surplus		
Profit and Loss:		
Prior to July 1, 1918	$12,127.83*	$12,127.83*
Year Ended June 30, 1931	1,969,473.12*	1,969,473.12*
Cost of Service Deficit 9 months ended December 31.	2,588,020.22*	2,485,366.88*
Arising out of Consolidation with West End St. Ry. Co., June 10, 1922 and Reorganization July 1, 1931	540,768.02	540,768.02
Total Corporate Surplus	$4,028,853.15*	$3,926,199.81*
Total Liabilities	$118,961,116.41	$120,025,215.68

*Debit.

Appendix 3

Income Statement

	Twelve Months Ended Dec. 31, 1938	Twelve Months Ended Dec. 31, 1937
Operating Income		
Passenger Revenue	$24,663,197.63	$25,266,522.99
Special Car and Special Bus Revenue	83,625.40	72,813.63
Mail Revenue	72.93	175.00
Total Revenue from Transportation	$24,746,895.96	$25,339,511.62
Station and Car Privileges	$491,226.60	$466,900.08
Rent of Tracks and Facilities	2,342.40	2,476.92
Rent of Equipment	7,746.48	8,145.96
Rent of Buildings and Other Property	53,091.82	55,968.02
Power	34,214.91	16,669.39
Miscellaneous	328.85	536.81
Total Revenue from Other Railway Operations	$588,951.06	$550,697.18
Total Railway Operating Revenues	$25,335,847.02	$25,890,208.80
Railway Operating Expenses:		
Way and Structures	$2,898,926.89	$2,809,671.96
Equipment	3,308,852.62	3,446,341.68
Power	1,663,194.36	1,745,742.03
Conducting Transportation	8,661,957.24	8,560,672.52
Traffic	19,766.21	12,204.28
General and Miscellaneous	2,271,708.88	2,155,783.80
Transportation for Investment	†25,119.81	†19,612.42
Total Railway Operating Expenses	$18,799,286.39	$18,710,803.85
Net Revenue Railway Operations	$6,536,560.63	$7,179,404.95
Taxes Assignable to Railway Operations:		
Federal	$586,677.42	$660,387.85
State and Municipalities	1,040,091.81	1,008,614.61
Total Taxes Assignable to Railway Operations	$1,626,769.23	$1,669,002.46
Operating Income	$4,909,791.40	$5,510,402.49

†Credit.

Income Statement—*Concluded*

	Twelve Months Ended Dec. 31, 1938	Twelve Months Ended Dec. 31, 1937
Non-Operating Income		
Income from Funded Securities	$43,488.72	$35,380.45
Income from Unfunded Securities	——	2,605.99
Income from Sinking Fund and Other Reserves	——	7,043.82
Release of Premiums on Funded Debt	3,926.52	3,926.52
Miscellaneous Income	70.97	611.57
Total Non-Operating Income	$47,486.21	$49,568.35
Gross Income	$4,957,277.61	$5,559,970.84
Deductions from Gross Income		
Rent for Leased Roads:		
Boston Elevated Railway Co.—Dividend Rental	$1,193,970.00	$1,193,970.00
Other Roads	45,458.24	45,475.02
Total Rent for Leased Roads	$1,239,428.24	$1,239,445.02
Miscellaneous Rents	$2,822,426.75	$2,822,629.46
Net Loss on Miscellaneous Physical Property	2,848.26	1,744.54
Interest on Funded Debt	3,952,485.02	3,939,114.19
Amortization of Discount on Funded Debt	73,085.88	71,597.85
Miscellaneous Debits	7,689.40	11,463.97
Total Deductions from Gross Income	$8,097,963.55	$8,085,995.03
Operating Loss for Year	*$3,140,685.94	*$2,526,024.19

*Debit.

Appendix 4

Operating Expense Accounts

	Twelve Months Ended Dec. 31, 1938	Twelve Months Ended Dec. 31, 1937
Way and Structures		
Superintendence of Way and Structures	$261,208.80	$261,250.56
Maintenance of Track and Roadway	941,786.64	1,020,409.66
Removal of Snow and Ice	208,660.36	48,169.71
Tunnels and Subways	26,572.76	22,695.37
Elevated Structures and Foundations	60,872.76	71,164.11
Bridges, Trestles and Culverts	3,877.33	10,585.05
Crossings, Fences and Signs	9,708.81	5,228.19
Signals and Interlocking Apparatus	34,700.43	30,234.29
Telephone and Telegraph Lines	6,758.13	7,557.17
Other Miscellaneous Way Expenses	39,075.60	39,132.77
Maintenance of Electric Line Equipment	220,218.34	169,391.14
Maintenance of Buildings, Fixtures and Grounds	382,886.93	365,693.94
Depreciation of Way and Structures	702,600.00	758,160.00
Total Way and Structures	**$2,898,926.89**	**$2,809,671.96**
Equipment		
Superintendence of Equipment	$153,850.49	$154,103.81
Maintenance of Revenue Equipment	1,294,436.83	1,282,911.80
Maintenance of Rail Service Equipment	32,499.52	32,732.55
Elec. Equip. Maint. of Revenue Equipment	342,114.99	335,283.26
Shop Equipment	43,881.08	35,009.92
Shop Expenses	252,911.44	253,755.47
Miscellaneous Equip. (Autos, Trucks & Tractors)	43,238.67	32,742.96
Depreciation of Equipment	592,800.00	816,480.00
Depreciation of Buses & Trackless Trolleys	553,119.60	503,321.91
Total Equipment	**$3,308,852.62**	**$3,446,341.68**
Power		
Superintendence of Power	$91,040.02	$91,335.15
Maintenance of Power Plant Bldgs. & Equipt.	155,693.23	165,239.93
Depreciation of Power Plant Bldgs. & Equipt.	249,600.00	369,360.00
Operation of Power Plants	932,837.17	874,260.28
Gasoline and Fuel Oil for Buses	234,023.94	245,546.67
Total Power	**$1,663,194.36**	**$1,745,742.03**

Operating Expense Accounts—*Concluded*

	Twelve Months Ended Dec. 31, 1938	Twelve Months Ended Dec. 31, 1937
Conducting Transportation		
Superintendence of Transportation	$1,101,714.44	$1,074,516.61
Pass. Car, Trainmen and Bus Operators	5,060,044.74	5,008,687.44
Misc. Car and Bus Service Employes	182,776.27	188,824.57
Misc. Car and Bus Service Expenses	109,083.05	99,795.23
Station Employes	661,575.01	645,785.03
Station Expenses	204,463.42	223,884.33
Car House and Bus Garage Employes	779,942.53	756,369.82
Car House and Bus Garage Expenses	83,526.35	93,051.61
Operation of Signal & Interlocking Apparatus	245,964.06	248,922.51
Operation of Telephone & Telegraph Lines	12,739.21	12,085.46
Other Transportation Expenses	220,128.16	208,749.91
Total Conducting Transportation	$8,661,957.24	$8,560,672.52
Traffic		
Traffic	$19,766.21	$12,204.28
General and Miscellaneous		
Salaries and Expenses of General Officers	$85,752.17	$86,170.74
Salaries and Expenses of General Office Clerks	385,042.13	382,263.07
General Office Supplies and Expenses	83,292.39	83,529.05
Law Expenses	37,751.41	33,773.05
Relief Expenses	120.00	1,770.00
Pensions and Gratuities	228,589.12	221,937.21
Miscellaneous General Expenses	91,247.08	85,315.03
Injuries and Damages	833,469.94	756,146.50
Insurance	168,191.01	147,625.64
Stationery and Printing	57,055.78	62,740.12
Store Expenses	189,952.76	182,068.60
Garage Expenses (Excl. Bus Garages)	87,790.90	85,805.05
Rent of Tracks and Facilities	9,598.32	12,753.99
Rent of Equipment	13,855.87	13,885.75
Total General and Miscellaneous	$2,271,708.88	$2,155,783.80
Transportation for Investment	†$25,119.81	†$19,612.42
Total Operating Expenses	$18,799,286.39	$18,710,803.85

†Credit.

Appendix 5

Road and Equipment Investment

Account	Total Dec. 31, 1938	Total Dec. 31, 1937
Way and Structures		
Engineering and Superintendence	$1,722,072.11	$1,722,072.11
Right of Way	11,465,147.56	11,467,555.24
Other Land	5,714,730.33	5,714,730.33
Grading	321,233.84	323,253.23
Ballast	733,836.64	751,736.75
Ties	804,617.87	860,021.22
Rails, Rail Fastenings and Joints	1,796,172.68	1,996,836.16
Special Work	4,341,216.83	4,388,393.76
Track and Roadway Labor	4,094,438.70	4,212,210.82
Paving	1,373,742.60	1,467,250.67
Roadway Machinery and Tools	552,990.10	550,494.85
Tunnels and Subways	357,648.36	347,908.22
Elevated Structures and Foundations	5,549,015.53	5,549,015.53
Bridges, Trestles and Culverts	2,002,986.39	2,002,986.39
Crossings, Fences and Signs	85,720.95	85,720.95
Signals and Interlocking Apparatus	1,138,110.51	1,096,174.41
Telephone and Telegraph Lines	102,935.36	102,935.36
Poles and Fixtures	658,445.59	653,076.56
Underground Conduit	1,901,129.79	1,896,839.80
Distribution System	3,749,721.13	3,718,267.46
Shops, Car Houses and Garages	7,246,348.70	7,172,296.89
Stations, Misc. Buildings and Structures	4,520,127.84	4,527,121.74
Wharves and Docks	232,301.20	232,301.20
Total Way and Structures	$60,464,690.61	$60,839,199.65
Equipment		
Pass. Cars, Buses and Trackless Trolleys	$21,114,212.33	$21,220,969.95
Service Equipment	969,731.29	972,118.66
Electric Equip. of Cars and Trackless Trolleys	7,520,968.56	7,658,190.23
Shop Equipment	741,797.91	743,287.16
Furniture, Fare Boxes and Passimeters	264,380.43	259,179.99
Miscellaneous Equipment	781,699.26	718,524.08
Total Equipment	$31,392,789.78	$31,572,270.07
Power		
Power Plant Buildings	$3,601,316.77	$3,597,312.57
Sub Station Buildings	640,979.22	640,979.22
Power Plant Equipment	7,021,154.98	7,016,249.87
Sub Station Equipment	2,688,828.65	2,688,828.65
Transmission System	1,608,062.20	1,608,062.20
Total Power	$15,560,341.82	$15,551,432.51
General and Miscellaneous		
Law Expenditures	$250.00	$250.00
Interest during Construction	1,832,301.09	1,832,301.09
Injuries and Damages	7,500.00	7,500.00
Taxes	145,866.54	145,866.54
Miscellaneous	13,184.46*	13,215.00*
Total General and Miscellaneous	$1,972,733.17	$1,972,702.63
Unfinished Construction	$888,819.62	$204,430.65
Total Road and Equipment	$110,279,375.00	$110,140,035.51

*Credit.

Appendix 6

Investment in Road Owned and Leased December 31, 1938

Boston Elevated Railway Company			
Road and Equipment		$110,279,375.00	
Miscellaneous Physical Property		815,654.67	
Total Boston Elevated Railway Company Investment			$111,095,029.67
Leased Lines			
Hyde Park Transportation District (City of Boston)		$245,931.51	
Eastern Mass. St. Ry. Co. (Part Leased)			
Old Colony Lines, West Roxbury	$672,847.44		
Boston & Northern Lines, Middlesex Fells Lines	29,546.01		
Expenditures for Additions and Betterments	206,257.37		
Total Eastern Mass. St. Ry. Co.		908,650.82	
Total Leased Lines			1,154,582.33
City of Boston Investment			
Boylston Subway		$11,496,772.78	
Cambridge Connection		1,655,304.00	
Dorchester Tunnel		12,256,278.41	
Dorchester Rapid Transit Extension		11,035,801.04	
East Boston Tunnel		7,288,765.90	
East Boston Tunnel Extension		2,346,851.71	
Tremont Subway		4,669,561.77	
Washington Tunnel		7,969,518.69	
Total City of Boston Investment			58,718,854.30
Commonwealth of Massachusetts Investment			
Cambridge Subway		$8,226,759.52	
Total Commonwealth of Massachusetts Investment			8,226,759.52
TOTAL INVESTMENT IN ROAD OWNED AND LEASED			$179,195,225.82

Appendix 7
Investment and Total Income 1897-1938

Year Ended	Total Investment	Total Income	Permanent Investment Per $1 of Total Income
Sept. 30, 1897	$25,291,913.22	$8,719,031.78	$2.90
Sept. 30, 1898	31,251,811.90	9,257,252.94	3.38
Sept. 30, 1899	33,187,250.79	9,756,136.25	3.40
Sept. 30, 1900	37,793,501.62	10,236,994.49	3.69
Sept. 30, 1901	44,087,939.53	10,869,496.33	4.06
Sept. 30, 1902	46,466,591.31	11,321,030.13	4.10
Sept. 30, 1903	48,398,610.91	12,019,371.26	4.03
Sept. 30, 1904	51,886,524.39	12,436,593.79	4.13
Sept. 30, 1905	57,187,809.61	12,741,569.30	4.49
Sept. 30, 1906	59,873,910.46	13,634,612.49	4.39
Sept. 30, 1907	65,979,896.07	14,011,167.72	4.71
Sept. 30, 1908	70,957,716.76	14,074,696.51	5.04
Sept. 30, 1909	81,592,634.49	14,493,853.13	5.63
June 30, 1911	92,904,910.27	15,980,707.94	5.81
June 30, 1912	101,864,058.69	16,522,542.00	6.17
June 30, 1913	105,019,587.59	16,968,328.33	6.19
June 30, 1914	106,990,919.12	17,785,978.25	6.02
June 30, 1915	113,166,182.04	17,886,549.64	6.33
June 30, 1916	117,116,007.58	18,781,327.74	6.24
Dec. 31, 1917	121,807,319.67	19,818,407.01	6.15
Dec. 31, 1918	134,181,073.47	21,062,692.82	6.37
Dec. 31, 1919	138,117,974.50	29,498,582.82	4.68
Dec. 31, 1920	139,156,058.00	34,031,636.44	4.09
Dec. 31, 1921	141,345,133.42	33,277,025.53	4.25
Dec. 31, 1922	143,345,873.68	32,699,176.37	4.38
Dec. 31, 1923	149,001,108.85	34,096,813.26	4.37
Dec. 31, 1924	155,490,852.91	34,175,319.61	4.54
Dec. 31, 1925	156,474,884.41	34,547,379.61	4.53
Dec. 31, 1926	159,025,141.62	35,481,313.38	4.48
Dec. 31, 1927	163,901,383.91	35,193,410.03	4.67
Dec. 31, 1928	172,480,669.04	34,843,147.51	4.95
Dec. 31, 1929	175,224,091.62	34,096,623.03	5.14
Dec. 31, 1930	175,045,256.41	32,510,721.17	5.38
Dec. 31, 1931	175,553,658.23	29,855,107.30	5.88
Dec. 31, 1932	177,673,869.99	26,428,493.63	6.72
Dec. 31, 1933	176,070,985.04	24,154,373.09	7.29
Dec. 31, 1934	176,108,007.79	24,818,625.48	7.09
Dec. 31, 1935	176,252,570.57	24,926,426.46	7.07
Dec. 31, 1936	178,795,311.81	26,096,155.47	6.85
Dec. 31, 1937	179,031,418.87	25,939,777.15	6.90
Dec. 31, 1938	179,195,225.82	25,383,333.23	7.06

The permanent investment represents the actual money expended for property operated, owned and leased, including subways, tunnels and rapid transit lines owned by the City of Boston and Commonwealth of Massachusetts.

Appendix 8

Capital Outstanding December 31, 1938

Outstanding Capital Stock

COMMON STOCK

No. Shares Outstanding	Par Value Shares Outstanding	Net Premium	Amount Realized	Date of Approval by Commission	Yearly Dividend	Dividends Payable
5,000	$500,000.00	——	$500,000.00	July 26, 1897		
95,000	9,500,000.00	——	9,500,000.00	July 6, 1900		
33,000	3,300,000.00	$1,815,000.00	5,115,000.00	Aug. 22, 1902		
66,500	6,650,000.00	695,958.13	7,345,958.13	Dec. 18, 1908		
39,294	3,929,400.00	196,470.00	4,125,870.00	Dec. 6, 1912		
238,794	$23,879,400.00	$2,707,428.13	$26,586,828.13		5%—$1,193,970.00	Jan. 1 Apr. 1 July 1 Oct. 1

OUTSTANDING FUNDED DEBT

Par Value	Rate	Maturity	Net Premium or Discount	Amount Realized	Date of Approval by Commission	Yearly Interest	Co.
$5,000,000.00	4½%	Nov. 1, 1941	*$100,000.00	$4,900,000.00	Oct. 17, 1911	$225,000.00	B. E.
4,000,000.00	5 %	Dec. 1, 1942	*80,000.00	3,920,000.00	Dec. 6, 1912	200,000.00	B. E.
1,000,000.00	5 %	Dec. 1, 1942	*78,410.00	921,590.00	May 27, 1914	50,000.00	B. E.
3,286,000.00	5 %	Dec. 1, 1942	*257,655.26	3,028,344.74	Nov. 9, 1915	164,300.00	B. E.
2,600,000.00	5 %	Mar. 1, 1944	112,832.07	2,712,832.07	Feb. 4, 1914 April 14, 1914	130,000.00	W. E.
570,000.00	7 %	Sept. 1, 1947	399.00	570,399.00	Aug. 24, 1917 Sept. 4, 1917	39,900.00	W. E.
§ 1,581,000.00	4½%	Aug. 1, 1949	*77,690.34	1,503,309.66	July 11, 1934	71,145.00	B. E.
§ 6,309,000.00	5 %	Jan. 1, 1960	*139,428.90	6,169,571.10	Dec. 4, 1934	315,450.00	B. E.
§ 8,500,000.00	5 %	Mar. 1, 1960	69,615.00	8,569,615.00	Feb. 21, 1935	425,000.00	B. E.
§ 7,711,000.00	4½%	Dec. 15, 1960	*186,220.65	7,524,779.35	Nov. 15, 1935	346,995.00	B. E.
§ 3,815,000.00	4½%	June 1, 1961	*36,242.50	3,778,757.50	Apr. 15, 1936	171,675.00	B. E.
§ 2,098,000.00	4¼%	Jan. 1, 1962	*13,595.04	2,084,404.96	Jan. 8, 1937	89,165.00	B. E.
§ 4,800,000.00	4¾%	Oct. 1, 1962	*100,420.80	4,699,579.20	Sept. 15, 1937	228,000.00	B. E.
§ 1,500,000.00	6 %	* * *	——	1,500,000.00	Note B	90,000.00	B. E.
§23,430,917.00	6 %	* * *	——	23,430,917.00	Note A	1,405,855.02	B. E.
$76,200,917.00			*$886,817.42	$75,314,099.58		$3,952,485.02	

*Discount.

A.—Authorized by Section 4, Chapter 333, Acts of 1931.

B.—Auth. by Amendment to Sec. 4, Chap. 333, Acts of 1931, made by Sec. 1, Chap. 299, Acts of 1932.

§Held by Boston Metropolitan District. (Total $59,744,917.00—78.4% of total outstanding.)

Average Rate of Return 5.05% on Capital Outstanding. (Bonds 5.25%—Stock 4.49%.)

Appendix 9

Revenue Passengers Carried—1897 to 1938

Year Ended	5c Fares	6 and 6¼c Tickets and Tokens	7c Fares	8c Fares	10c Fares	Pupils' Tickets 5c	Special Car & Special Bus Passengers (*See Note*)	Total Revenue Passengers	Per Cent Yearly Increase
Sept. 30, 1897 . .	172,554,514	—	—	—	—	—	—	172,554,514	3.41%
Sept. 30, 1898 . .	181,321,295	—	—	—	—	—	—	181,321,295	5.08
Sept. 30, 1899 . .	191,023,224	—	—	—	—	—	—	191,023,224	5.35
Sept. 30, 1900 . .	201,124,710	—	—	—	—	—	—	201,124,710	5.29
Sept. 30, 1901 . .	213,703,983	—	—	—	—	—	—	213,703,983	6.25
Sept. 30, 1902 . .	222,484,811	—	—	—	—	—	—	222,484,811	4.11
Sept. 30, 1903 . .	233,563,578	—	—	—	—	—	—	233,563,578	4.99
Sept. 30, 1904 . .	241,681,945	—	—	—	—	—	—	241,681,945	3.48
Sept. 30, 1905 . .	246,941,776	—	—	—	—	—	—	246,941,776	2.18
Sept. 30, 1906 . .	262,267,240	—	—	—	—	—	—	262,267,240	6.21
Sept. 30, 1907 . .	271,084,815	—	—	—	—	—	—	271,084,815	3.36
Sept. 30, 1908 . .	272,990,357	—	—	—	—	—	142,227	273,132,584	0.76
Sept. 30, 1909 . .	280,825,809	—	—	—	—	—	182,662	281,008,471	2.88
June 30, 1911 . .	304,826,768	—	—	—	—	—	271,897	305,098,665	4.45
June 30, 1912 . .	310,077,600	—	—	—	—	—	232,409	310,310,009	1.71
June 30, 1913 . .	326,148,553	—	—	—	—	—	204,310	326,352,863	5.17
June 30, 1914 . .	342,962,091	—	—	—	—	—	218,958	343,181,049	5.16
June 30, 1915 . .	346,146,183	—	—	—	—	—	170,401	346,316,584	0.91
June 30, 1916 . .	363,303,453	—	—	—	—	—	173,588	363,477,041	4.95
Dec. 31, 1917 . .	380,819,242	—	—	—	—	—	198,096	381,017,338	1.99
Dec. 31, 1918 . .	217,208,899	—	102,619,954	28,739,858	—	—	100,989	348,664,700	8.49*
Dec. 31, 1919 . .	886,034	—	—	173,808,769	146,102,131	3,803,815	97,936	324,758,685	6.86*

Revenue Passengers Carried—1897 to 1938—*Concluded*

Year Ended	5c Fares	6 and 6¼c Tickets and Tokens	7c Fares	8c Fares	10c Fares	Pupils' Tickets 5c	Special Car & Special Bus Passengers (*See Note*)	Total Revenue Passengers	Per Cent Yearly Increase
Dec. 31, 1920 . .	**3,846,989**	——	——	——	326,496,184	5,105,588	77,800	335,526,561	3.32
Dec. 31, 1921 . .	**23,915,742**	——	——	——	307,624,243	5,606,105	105,990	337,252,080	0.51
Dec. 31, 1922 . .	71,425,347	——	——	——	279,851,313	5,213,664	103,618	356,593,942	5.73
Dec. 31, 1923 . .	94,170,518	——	——	——	283,660,762	4,214,132	104,285	382,149,697	7.17
Dec. 31, 1924 . .	85,218,867	9,549,775	——	——	283,569,003	4,443,228	107,975	382,888,848	0.19
Dec. 31, 1925 . .	3,853,807	55,937,785	——	——	299,107,782	6,003,917	132,995	365,036,286	§4.66*
Dec. 31, 1926 . .	1,936,219	58,803,057	——	——	304,378,164	5,971,189	129,772	371,218,401	1.69
Dec. 31, 1927 . .	2,355,682	58,890,542	——	——	299,340,854	6,178,984	172,846	366,938,908	1.15*
Dec. 31, 1928 . .	2,743,742	57,785,211	——	——	295,168,018	6,146,748	161,314	362,005,033	1.34*
Dec. 31, 1929 . .	2,612,980	56,272,366	——	——	288,789,514	6,371,689	168,441	354,214,990	2.15*
Dec. 31, 1930 . .	24,123,763	36,295,851	——	——	275,612,705	6,357,662	304,924	342,694,905	3.25*
Dec. 31, 1931 . .	67,262,611	38,625	——	——	250,941,595	6,330,862	214,884	324,788,577	5.23*
Dec. 31, 1932 . .	64,321,902	7,369	——	——	220,884,856	6,333,016	206,682	291,753,825	10.17*
Dec. 31, 1933 . .	60,309,151	3,204	——	——	201,239,625	6,036,196	257,253	267,845,429	8.19*
Dec. 31, 1934 . .	64,943,176	1,271	——	——	205,903,554	5,756,660	429,514	277,034,175	3.43
Dec. 31, 1935 . .	68,881,593	355	——	——	205,471,568	5,543,664	505,346	280,402,526	1.22
Dec. 31, 1936 . .	77,140,864	72	——	——	212,308,509	6,160,264	570,957	296,180,666	5.63
Dec. 31, 1937 . .	80,477,621	39	——	——	209,458,470	5,935,804	525,559	296,397,493	0.07
Dec. 31, 1938 . .	81,942,657	29	——	——	202,706,547	5,908,326	617,458	291,175,017	1.76*

5c fare Previous to August 1, 1918.
7c Fare August 1, 1918.
8c Fare December 1, 1918.
Pupils' Tickets (5c) Jan. 1, 1919.
10c Fare July 10, 1919 (Incl. Govt. Tickets).
First 5c Fare Line (without transfer) August 23, 1919.
First 5c Local Fare Line March 26, 1921.
6c Local Fare November 5, 1924.
6¼c Local Fare July 1, 1927.
6¼c Tokens, Sept. 14, 1929.
6¼c Tickets and Tokens discontinued Aug. 31, 1930.
5c Local Fares started Sept. 1, 1930.
10c Duplex Tickets (5c Local Fares) started Nov. 28, 1930.

Note:—Previous to 1908 Special Car Passengers included with 5c Fares.

§During the years 1922, 1923 and 1924, one passenger making a single journey for which he might pay two five-cent fares was counted as two revenue passengers. The substitution in November, 1924, of six-cent tickets for five-cent cash fares often resulted in the payment of a ten-cent fare by such a passenger with a consequent reduction in the company's figures of total revenue passengers carried, though the gross passenger revenue for the year 1925 which increased $371,269.51 would indicate substantially the same number of passengers carried by the railway in 1925 and 1924.

*Bold face Denotes Decreases.

Appendix 10

Revenue Mileage—1898 to 1938

Year Ended	Rapid Transit Lines	Surface Lines					Total Passenger Service	Other Revenue Mileage	Total Revenue Mileage
		Two Men Cars	One Man Cars	Buses	Trackless Trolleys	Total Surface Lines			
Sept. 30, 1898 . .	——	32,209,150	——	——	——	32,209,150	32,209,150	170,295	32,379,445
Sept. 30, 1899 . .	——	34,594,224	——	——	——	34,594,224	34,594,224	174,294	34,768,518
Sept. 30, 1900 . .	——	38,171,984	——	——	——	38,171,984	38,171,984	181,530	38,353,514
Sept. 30, 1901 . .	1,516,175	42,115,209	——	——	——	42,115,209	43,631,384	193,495	43,824,879
Sept. 30, 1902 . .	5,725,455	40,047,381	——	——	——	40,047,381	45,772,836	227,163	45,999,999
Sept. 30, 1903 . .	7,086,634	40,390,068	——	——	——	40,390,068	47,476,702	211,785	47,688,487
Sept. 30, 1904 . .	7,004,579	41,313,402	——	——	——	41,313,402	48,317,981	202,471	48,520,452
Sept. 30, 1905 . .	7,045,174	41,024,230	——	——	——	41,024,230	48,069,404	204,218	48,273,622
Sept. 30, 1906 . .	7,718,735	42,337,873	——	——	——	42,337,873	50,056,608	224,178	50,280,786
Sept. 30, 1907 . .	7,802,457	44,027,731	——	——	——	44,027,731	51,830,188	231,381	52,061,569
Sept. 30, 1908 . .	7,806,503	43,818,640	——	——	——	43,818,640	51,625,143	232,746	51,857,889
Sept. 30, 1909 . .	7,295,450	43,599,806	——	——	——	43,599,806	50,895,256	232,425	51,127,681
June 30, 1911 . .	8,523,434	45,895,457	——	——	——	45,895,457	54,418,891	228,305	54,647,196
June 30, 1912 . .	9,362,316	45,202,162	——	——	——	45,202,162	54,564,478	225,695	54,790,173
June 30, 1913 . .	11,385,787	46,118,784	——	——	——	46,118,784	57,504,571	279,748	57,784,319
June 30, 1914 . .	11,647,877	45,973,201	——	——	——	45,973,201	57,621,078	369,358	57,990,436
June 30, 1915 . .	12,081,986	45,306,117	——	——	——	45,306,117	57,388,103	417,592	57,805,695
June 30, 1916 . .	12,920,965	45,415,479	——	——	——	45,415,479	58,336,444	235,864	58,572,308
Dec. 31, 1917 . .	14,467,782	44,725,977	——	——	——	44,725,977	59,193,759	261,934	59,455,693
Dec. 31, 1918 . .	13,364,229	39,398,056	——	——	——	39,398,056	52,762,285	259,531	53,021,816
Dec. 31, 1919 . .	14,139,619	39,373,452	20,451	——	——	39,393,903	53,533,522	187,727	53,721,249
Dec. 31, 1920 . .	14,540,474	36,192,621	504,432	——	——	36,697,053	51,237,527	122,328	51,359,855
Dec. 31, 1921 . .	13,974,490	33,244,477	2,487,730	——	——	35,732,207	49,706,697	97,928	49,804,625

Revenue Mileage—1898 to 1938—*Concluded*

Year Ended	Rapid Transit Lines	Surface Lines					Total Passenger Service	Other Revenue Mileage	Total Revenue Mileage
		Two Men Cars	One Man Cars	Buses	Trackless Trolleys	Total Surface Lines			
Dec. 31, 1922 . .	13,316,094	32,184,135	5,010,900	63,959	——	37,258,994	50,575,088	132,652	50,707,740
Dec. 31, 1923 . .	13,795,114	30,277,855	9,511,305	465,391	——	40,254,551	54,049,665	106,399	54,156,064
Dec. 31, 1924 . .	14,747,699	28,152,492	12,197,587	890,901	——	41,240,980	55,988,679	102,668	56,091,347
Dec. 31, 1925 . .	14,836,656	24,880,686	13,271,296	2,472,456	——	40,624,438	55,461,094	97,032	55,558,126
Dec. 31, 1926 . .	15,104,778	23,653,994	14,419,209	4,717,900	——	42,791,103	57,895,881	47,500	57,943,381
Dec. 31, 1927 . .	15,224,531	20,919,321	15,121,344	5,562,766	——	41,603,431	56,827,962	6,067	56,834,029
Dec. 31, 1928 . .	16,701,106	18,809,991	15,964,148	5,999,879	——	40,774,018	57,475,124	6,168	57,481,292
Dec. 31, 1929 . .	16,924,006	14,686,292	17,930,051	7,138,386	——	39,754,729	56,678,735	6,250	56,684,985
Dec. 31, 1930 . .	16,508,224	11,440,310	20,298,873	7,813,467	——	39,552,650	56.060,874	969	56,061,843
Dec. 31, 1931 . .	15,176,011	10,020,656	19,585,766	8,771,384	——	38,377,806	53,553,817	72	53,553,889
Dec. 31, 1932 . .	14,786,293	7,991,396	19,521,534	8,896,143	——	36,409,073	51,195,366	395	51,195,761
Dec. 31, 1933 . .	12,363,920	3,721,032	20,920,013	9,136,030	——	33,777,075	46,140,995	124	46,141,119
Dec. 31, 1934 . .	12,059,020	3,090,128	20,726,937	9,946,563	——	33,763,628	45,822,648	——	45,822,648
Dec. 31, 1935 . .	11,889,894	2,812,166	21,050,170	10,281,114	——	34,143,450	46,033,344	——	46,033,344
Dec. 31, 1936 . .	11,597,978	2,924,560	21,329,703	10,485,554	154,282	34,894,099	46,492.077	——	46,492,077
Dec. 31, 1937 . .	11,500,186	2,820,228	21,052,216	10,643,257	780,441	35,296,142	46,796,328	——	46,796,328
Dec. 31, 1938 . .	11,155,858	2,669,313	19,506,195	11,032,794	1,434,869	34,643,171	45,799,029	——	45,799,029

RAPID TRANSIT LINES

Elevated, Main Line, Sullivan Sq. to Dudley St. — Started June 10, 1901
Elevated, Atlantic Ave. — Started Aug. 22, 1901
Elevated, Atlantic Ave. — Discontinued Operation Oct. 1, 1938
Washington St. Tunnel — Opened Nov. 30, 1908
Elevated, Main Line — Extended to Forest Hills, Nov. 22, 1909
Cambridge Subway — Opened Mar. 23, 1912
Cambridge-Dorchester Tunnel to Broadway Sta. — Opened Dec. 15, 1917
Cambridge-Dorchester Tunnel — Extended to Andrew Sta., June 29, 1918
Elevated, Main Line — Extended to Everett Sta., Mar. 15, 1919
Cambridge-Dorchester Tunnel — Extended to Fields Corner, Nov. 5, 1927
Cambridge-Dorchester Tunnel — Extended to Ashmont, Sept. 1, 1928
East Boston Tunnel changed to Rapid Transit Operation, April 21, 1924
Dorchester Extension High Speed Trolley Line to Mattapan — Opened December 21, 1929
Charles Station — Opened Feb. 27, 1932
Mail Car Operations Discontinued August 14, 1915.

SURFACE CAR LINES

Tremont St. Subway, Church St. to Park St. — Opened Sept. 1, 1897
Tremont St. Subway, Pleasant St. to Park St. — Opened Oct. 1, 1897
Tremont St. Subway, Park St. to North Station — Opened Sept. 3, 1898
East Boston Tunnel — Opened Dec. 30, 1904
East Cambridge Viaduct — Opened June 1, 1912
Boylston St. Subway — Opened Oct. 3, 1914
Kenmore Station — Opened Oct. 23, 1932
Chelsea-Revere Div. (E. Mass. St. Ry. Co.) — Acquired June 10, 1936

Appendix 11

Comparative Division of Receipts and Expenditures for Years Ended Dec. 31

	1938	1937	1936	1935	1934
tal Receipts	$25,383,333.23	$25,939,777.15	$26,096,155.47	$24,926,426.46	$24,818,625.48
erating Expenses:					
Wages	12,894,549.68	12,709,180.09	12,346,223.40	11,756,916.62	11,332,549.54
Material and other Items	2,295,707.22	2,119,136.67	2,090,890.27	2,131,401.89	2,024,056.24
Injuries and Damages	668,632.65	594,605.71	676,742.17	577,614.11	484,417.54
Depreciation	2,098,119.60	2,447,321.91	2,448,816.36	2,408,172.92	2,310,454.86
Fuel	842,277.24	840,559.47	847,669.79	791,307.05	743,612.31
Total Operating Expenses	$18,799,286.39	$18,710,803.85	$18,410,341.99	$17,665,412.59	$16,895,090.49
xes	1,626,769.23	1,669,002.46	1,573,217.91	1,520,923.60	1,407,119.47
vidends	1,193,970.00	1,193,970.00	1,193,970.00	1,193,970.00	1,193,970.00
bway, Tunnel and R. T. L. Rents	2,822,426.75	2,822,629.46	2,812,255.07	2,809,087.75	2,796,255.81
erest on Bonds	3,952,485.02	3,939,114.19	3,862,562.10	3,816,444.04	3,867,092.75
scellaneous Items	129,081.78	130,281.38	141,277.41	149,839.71	123,586.71
Total Cost of Service	$28,524,019.17	$28,465,801.34	$27,993,624.48	$27,155,677.69	$26,283,115.23
ss for Year	$3,140,685.94	$2,526,024.19	$1,897,469.01	$2,229,251.23	$1,464,489.75

Note:—*Profit and Loss Items not included in above.*

Appendix 12

Traffic Statistics, Years Ended December 31

	1938	1937	1936	1935
Round trips operated	6,107,492	6,217,978	6,222,871	6,134,988
Passenger revenue	$24,746,823.03	$25,339,336.62	$25,502,416.15	$24,347,367.76
Passenger revenue per mile (cents)	54.03c	54.15c	54.85c	52.89c
Passenger revenue per hour	$5.47	$5.55	$5.69	$5.47
Passenger revenue mileage	45,799,029	46,796,328	46,492,077	46,033,344
Passenger revenue hours	4,523,433	4,560,540	4,479,552	4,450,340
Revenue passengers carried	291,175,017	296,397,493	296,180,666	280,402,526
Revenue passengers carried per mile	6.36	6.33	6.37	6.09
Revenue passengers carried per hour	64.37	64.99	66.12	63.01

Appendix 13

Comparative Passenger Statistics—Revenue Passengers Carried

Year	Week Day Average	Saturday Average	Sunday Average	Holiday Average	Total for Year
1938	878,464	854,214	411,409	522,427	291,175,017
1937	891,844	879,386	420,489	530,056	296,397,493
1936	887,327	876,626	418,647	552,292	296,180,666
1935	843,059	828,781	399,801	521,574	280,402,526
1934	834,409	812,085	397,514	502,981	277,034,175
1933	805,668	794,068	386,439	494,365	267,845,429
1932	870,865	879,000	421,070	504,983	291,753,825
1931	971,487	997,669	460,564	558,262	324,788,577
1930	1,025,036	1,050,111	488,101	590,810	342,694,905
1929	1,049,304	1,123,058	518,093	602,071	354,214,990

Appendix 14

Ratio of Maintenance and Depreciation to Total Income, Per Cent.

Year Ended	Total Income	Maintenance and Depreciation	Per Cent
December 31, 1938	$25,383,333.23	$6,415,127.79	25.27
December 31, 1937	25,939,777.15	6,754,189.56	26.04
December 31, 1936	26,096,155.47	6,505,769.78	24.93
December 31, 1935	24,926,426.46	6,326,658.07	25.38
December 31, 1934	24,818,625.48	6,007,231.01	24.20
December 31, 1933	24,154,373.09	5,899,833.49	24.43
December 31, 1932	26,428,493.63	6,661,106.46	25.20
December 31, 1931	29,855,107.30	7,903,344.74	26.47
December 31, 1930	32,510,721.17	8,311,029.03	25.56
December 31, 1929	34,096,623.03	8,284,093.66	24.29

Appendix 15

Comparative Power Statistics

	1938	1937	1936	1935	1934
Tons of coal burned	119,125	121,749	123,296	122,240	122,635
Pounds of coal per D. C. kilowatt hour	1.338	1.365	1.362	1.359	1.355
Average price of coal per long ton (at boilers)	$5.11	$4.89	$4.80	$4.53	$4.34
Net cost of power for car service per kilowatt hour (cents)	0.757	0.781	0.753	0.761	0.716
Net cost of power per total car mile (cents)	3.961	4.052	4.037	4.030	3.778
Direct current annual output (kilowatt hours)	199,415,500	199,803,250	202,736,175	201,497,540	202,663,915

Appendix 16

1938 Loan Assessment on Cities and Towns
Chapter 159, Special Acts 1918, as Amended

Cities and Towns	*Per Cent*	*Amount*
Arlington	1.6406	$27,477.15
Belmont	1.0490	17,568.90
Boston	65.5097	1,097,171.72
Brookline	3.9025	65,359.98
Cambridge	8.5340	142,929.42
Chelsea	1.8535	31,042.85
Everett	2.1942	36,748.97
Malden	3.2036	53,654.64
Medford	3.0915	51,777.16
Milton	.6867	11,501.02
Newton	.6275	10,509.52
Revere	1.3829	23,161.13
Somerville	5.1332	85,972.03
Watertown	1.1911	19,948.82
Totals	100.00%	$1,674,823.31

Deficit for year ended March 31, 1938.

Based on traffic counts, April 29, 30 and May 1, 2, 1938.

Expense to Comm. of Mass. to finance loan assessment $1,341.36.

Buck Printing Co., Boston, Mass.

TWENTY-FIRST

ANNUAL REPORT

OF THE

BOARD OF PUBLIC TRUSTEES

OF THE

BOSTON ELEVATED RAILWAY COMPANY

FOR THE

Year Ended December 31, 1939

The information contained herein is not given in connection with any sale, offer for sale or solicitation of an offer to buy any securities.

TWENTY-FIRST

ANNUAL REPORT

OF THE

BOARD OF PUBLIC TRUSTEES

OF THE

BOSTON ELEVATED RAILWAY COMPANY

FOR THE

Year Ended December 31, 1939

ALLIED PRINTING TRADES UNION LABEL COUNCIL BOSTON

BOARD OF PUBLIC TRUSTEES

(Appointed by the Governor of Massachusetts pursuant to Chapter 159 of the Special Acts of 1918)

EDWARD E. WHITING, *Chairman*

ERNEST A. JOHNSON
WILLIAM P. JOY
HENRY J. SMITH, *Secretary*
PATRICK J. WELSH

OFFICERS

(Appointed by the Trustees)

EDWARD DANA	*President and General Manager*
JOHN H. MORAN	*Vice-President and Treasurer*
MICHAEL H. CULLEN	*General Auditor*
WILLIS B. DOWNEY	*General Counsel*
MAURICE P. SPILLANE	*General Claims Attorney*

REPORT OF THE BOARD OF PUBLIC TRUSTEES

OF THE

BOSTON ELEVATED RAILWAY COMPANY

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Report of the Board of Public Trustees of the Boston Elevated Railway Company

DURING the year 1939 operating expenses have been reduced $83,280.45 and revenue has increased $327,615.17 and the calendar year deficit is almost $400,000 less than it was last year.

The number of revenue passengers transported in 1939 increased 3,948,060 or 1.36 per cent. compared with last year. This represents a gain of 27,277,648 passengers over the low year of 1933.

Results of Operation

The following table shows the results for the calendar year 1939:

	Year Ended Dec. 31, 1939	Increase or Decrease(*) over 1938
Total Receipts	$25,710,948.40	$327,615.17
Operating Expenses:		
Wages	$12,764,185.12	130,364.56*
Materials and Other Items	2,214,457.49	81,249.73*
Injuries and Damages	829,610.01	160,977.36
Depreciation	2,074,456.22	23,663.38*
Fuel	833,297.10	8,980.14*
Total Operating Expenses	$18,716,005.94	$83,280.45*
Taxes	$1,632,187.57	$5,418.34
Subway, Tunnel & R.T.L. Rents	2,825,776.56	3,349.81
Interest on Bonds	3,952,485.02	——
Dividends (Chap. 333, Acts of 1931)	1,193,970.00	——
Miscellaneous Items	134,813.45	5,731.67
	$9,739,232.60	$14,499.82
Total Cost of Service	$28,455,238.54	$68,780.63*
Net Loss	$2,744,290.14†	$396,395.80*
Revenue Passengers Carried	295,123,077	3,948,060
Revenue Miles Operated	45,555,636	243,393*

† A deficit assessment is determined upon the basis of the railway's fiscal year, which terminates as of March 31.
* Indicates decrease.

Cost of Transporting a Passenger

The following figures show the cost of service per revenue passenger:

	1939 (Cents)	1927 (Cents)	1919 (Cents)
Wages	4.33	4.56	4.79
Materials and Other Items	.75	.85	1.12
Injuries and Damages	.28	.33	.21
Depreciation	.70	.77	.62
Fuel	.28	.34	.56
Total Operating Expenses	6.34	6.85	7.30
Taxes	.55	.51	.32
Subways, Tunnels and R.T.L. Rents	.96	.61	.47
Interest on Bonds and Notes, etc.	1.39	.72	.84
Dividends (Chap. 333, Acts of 1931)	.40	.84	.89
Total Fixed Charges	3.30	2.68	2.52
Total Cost of Service	9.64	9.53	9.82
Total Revenue per Passenger	8.71	9.59	9.08

These figures show the result of efforts to reduce operating expenses. They also show that the fixed charges per revenue passenger carried have increased 23 per cent. since 1927.

The Boston Elevated Railway has deficits: first, because of the decline in riding; second, because of the fixed charges which cannot be reduced in proportion to the decrease in riding.

The table below, comparing the calendar year ended December 31, 1939 with the calendar year ended December 31, 1929, (in which year there was no deficit assessment) tells the story:

Year	Receipts	Operating Expenses	Fixed Charges
1939	$25,710,948.40	$18,716,005.94	$9,649,979.64
1929	34,096,623.03	24,024,747.23	9,871,709.99

In this period receipts decreased $8,385,674.63 or 24.6 per cent. and operating expenses (which are the charges over which the trustees have direct control) decreased $5,308,741.29 or 22.1 per cent., whereas fixed charges decreased only $221,730.35 or slightly more than two per cent.

Fixed Charges

For the year ended December 31, 1929, fixed charges represented 29 per cent. of receipts, whereas 37½ per cent. of receipts were consumed by fixed charges for the year ended December 31, 1939.

These charges are, as their name implies, fixed and practically constant charges against the railway's cost of service over which the trustees have no control and at present constitute a crushing burden upon the railway. They are comprised of subway and tunnel rentals, taxes, rent of leased roads, dividends, and interest on bonds.

These fixed charges for the year ended December 31, 1939 included the following:

Subway and tunnel rentals to the City of Boston and the Commonwealth of Massachusetts amounting to $2,825,776.56, which cannot be reduced except through legislative enactment.

Rent for road leased from Eastern Massachusetts Street Railway Company and the City of Boston (excluding subways and tunnels) amounting to $45,560.49.

Taxes amounting to $1,632,187.57, which cannot be reduced except through legislative enactment and only at the expense of all the cities and towns in the area served and of the State and Federal governments.

Interest on bonds amounting to $3,952,485.02. Of the total of $76,200,917.00 of railway bonds outstanding as of December 31, 1939, the Boston Metropolitan District, comprising the cities and towns served, held $59,744,917.00 or 78.4 per cent.

Dividends amounting to $1,193,970.00, the payment of which is required by law.

The sum total of these fixed charges amounted to $9,649,979.64 of which 23.5 per cent. was for retirement of the principal of bonds of the City of Boston, the Commonwealth of Massachusetts and the

Boston Metropolitan District, which reverts to the benefit of the general public by reduction of public debt.

The table below shows that payments of $2,265,035.35 were made in 1939 to retire the principal of bonds of the City of Boston, of the Commonwealth of Massachusetts, and of the Boston Metropolitan District.

City of Boston a/c retiring subway debt	$ 454,862.83
Commonwealth of Massachusetts a/c retiring Cambridge Subway debt	82,572.50
Boston Metropolitan District a/c retiring District bonds	1,727,600.02
Total	$2,265,035.35

Under the subway Acts funds have been provided from rentals paid by the railway for the retirement of 31.3 per cent. of the subway debt, on which the railway pays rental, as shown in the following table:

	Total Debt Issued	Estimated Net Debt Dec. 31, 1939	Net Reduction in Transit Debt by Railway Payments Amount	Per cent.
Boston Subways	$54,739,700.	$36,182,600.	$18,557,100.	33.9%
Cambridge Subway (owned by Commonwealth of Massachusetts)	8,229,500.	7,069,000.	1,160,500.	14.1%
Totals	$62,969,200.	$43,251,600.	$19,717,600.	31.3%

Payments by the railway as interest on Elevated bonds held by the Boston Metropolitan District are in excess of the interest requirements on District bonds and these payments have reduced the District debt as shown in the following table:

	Total Net Debt Issued	Total Debt Dec. 31, 1939	Net Reduction in District Debt by Railway Payments Amount	Per cent.
Boston Metropolitan District Bonds	$61,457,000.	$54,765,000.	$6,692,000.	10.9%

The deficit assessments for the fiscal years 1932 to 1939 totaled $15,879,698.42 and during that same period there were charged to the cost of service payments of $9,779,807.43 which were made available to reduce public indebtedness.

Taxes

Total taxes included in cost of service during the year 1939 amounted to $1,632,187.57 divided as follows:

State Taxes			$ 173,026.07
Gasoline Tax		$132,289.32	
Registrations—Motor Vehicles and Licenses		40,736.75	
Municipal Taxes			870,649.92
Real Estate and Personal Property Taxes		$817,016.14	
Excise Tax on Motor Vehicles		44,177.48	
Toll Charges, Sumner Vehicular Tunnel		9,456.30	
Federal Taxes			588,511.58
Social Security Taxes		$523,518.72	
Unemployment Tax	$393,999.91		
Insurance Contribution Tax	129,518.81		
Gasoline Tax		44,375.00	
Capital Stock Tax		10,026.00	
Miscellaneous Excise Taxes		10,591.86	
Total Taxes accrued during year 1939			$1,632,187.57

It requires 23-1/6 average days' receipts of the railway to pay these taxes, which represent 16.9 per cent. of the fixed charges.

During the year ended December 31, 1939, social security taxes amounting to $523,518.72 were charged to cost of service. These taxes represent 19 per cent. of the net loss.

Operating Expenses

Operating expenses under the control of the trustees are divided into five major items, of which wages amount to 68.2 per cent. Compared with the calendar year 1938, these items show increases or decreases as follows:

Wages—a decrease from $12,894,549.68 to $12,764,185.12, or one per cent. Any further substantial reduction in this account would necessitate the layoff of men and reduction of service or a reduction in wage rates.

Material and other items—a decrease of $81,249.73.

Injuries and Damages—an increase of $160,977.36.

Depreciation—a decrease of $23,663.38.

Fuel, which includes coal for power generation and gasoline for operation of buses—a decrease of $8,980.14.

The operating expenses as a whole were decreased by $83,280.45.

Depreciation

The charge for depreciation which enters into the cost of service has frequently been misunderstood.

The necessity for an allowance for depreciation is obvious because property wears out no matter how well maintained and has ultimately to be replaced.

In the interest of good service and in order that replacement of worn-out property should not be neglected the Public Control Act of 1918, Chap. 159, included the following provisions:

Sec. 6, that there shall be included in operating expenses "such allowance as they (the trustees) may deem necessary or advisable for depreciation of property and for obsolescence and losses in respect to property sold, destroyed or abandoned."

Sec. 13. "It shall be the duty of the trustees to maintain the property of the company in good operating condition and to make such provision for depreciation, obsolescence and rehabilitation that upon the expiration of the period of public management and operation the property shall be in good operating condition."

In compliance with these requirements the trustees each year determine the amounts to be charged to the cost of service. As of December 31, 1938, the total road and equipment and miscellaneous physical property amounted to $111,095,029.67, of which amount $70,617,030.90 represents property subject to depreciation. This property is itemized in detail and the charges for depreciation are based upon its estimated useful life as determined from the results of actual experience with identical or similar items of property.

For the year ended December 31, 1939 charges to cost of service for depreciation, obsolescence and losses with respect to property sold, destroyed or abandoned amounted to $2,074,456.22.

The Department of Public Utilities, by direction of the Legislature, made an investigation of transportation facilities within the Metropolitan District, and in its report dated January 2, 1923 (House No. 1110, pages 45 to 56) the Department discussed depreciation in all its aspects and concluded as follows:

> "The argument, based on excessive allowance for depreciation by the Public Trustees, seems to us unsound for the reasons we have set forth above."

In a report of the Joint Special Committee on Boston Elevated and Metropolitan Transportation District (House No. 501, 1926) there was stated

> "The amounts charged to depreciation reserve are in line with accepted standards, and are distinctly lower than the amounts charged on some systems."

Depreciation and maintenance charges are both necessary to keep the property in efficient and economical operating condition. Maintenance charges reflect the cost of repairs during the useful life of property. Depreciation charges provide for complete replacement of items of property when they are no longer efficient or economical to continue in service.

The following table shows the relationship between the total cost of maintenance and depreciation to gross income and to operating expenses during a long period of years:

MAINTENANCE AND DEPRECIATION

Year	Total	Per cent. of Receipts	Per cent. of Operating Expenses
1939	$6,324,014.	24.60	33.79
1938	6,415,128.	25.27	34.12
1937	6,754,190.	26.04	36.10
1936	6,505,770.	24.93	35.34
1935	6,326,658.	25.38	35.81
1934	6,007,231.	24.20	35.56
1933	5,899,833.	24.43	35.06
1932	6,661,106.	25.20	34.09
1931	7,903,345.	26.47	35.52
1930	8,311,029.	25.56	35.32
1929	8,284,094.	24.29	34.48
1928	8,595,988.	24.67	34.52
1927	8,639,139.	24.55	34.37
1926	8,977,313.	25.30	34.43
1925	8,381,452.	24.26	34.34
1924	8,694,550.	25.44	34.47
1923	7,977,111.	23.40	33.06
1922	7,525,000.	23.01	34.07
1921	7,777,505.	23.37	34.05
1920	8,078,270.	23.74	31.35
1919	8,650,267.	29.32	36.50
1918	5,803,016.	27.55	32.25

From these figures it will be observed that the per cent. of income allocated to maintenance and depreciation has been practically constant in spite of fluctuating gross income.

Employees

The average number of employees on the weekly payroll was 6,190 in 1939 and 6,298 in 1938.

The following table shows the average number of employees by departments:

	1939	1938
Transportation Department	3,327	3,396
Rolling Stock and Shops Department	1,202	1,229
Maintenance Department	903	925
Power Department	469	461
General Offices	289	287
Total Weekly Payroll	6,190	6,298
Monthly paid employees	63	63
Executive officers	5	5
Total	6,258	6,366

These figures serve to correct any impression that the railway is employing a large number of new men.

The following figures show the result of efforts to decrease operating expenses over a period of years:

Year	Average Number on Weekly Payroll	Revenue Passengers Carried per Employee	Miles Operated per Employee
1939	6,190	47,677	7,360
1926	8,793	42,217	6,590
1919	10,362	31,341	5,184

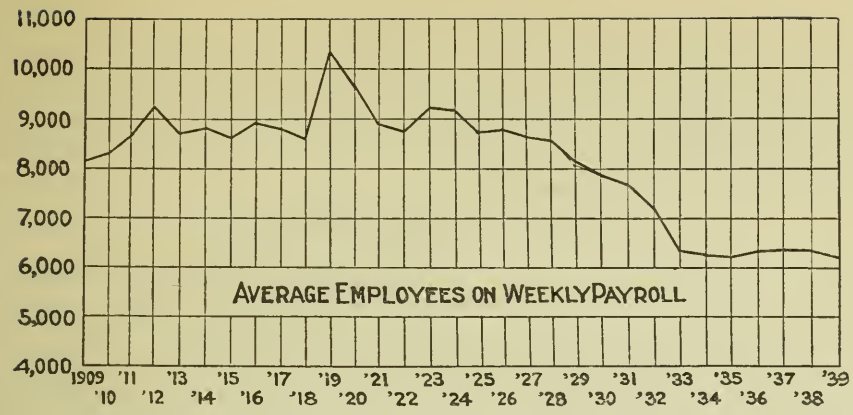
"Merit Plan" of Employee Selection

For several years the list of former operators who were necessarily laid off early in the depression period was drawn upon for replacements for the uniformed service. As the need to select men from the outside field approached, a plan was prepared well in advance for selection through written and oral examinations, which supplanted the former selection procedure.

The experience of civil service examiners and of the railway itself was drawn upon in preparing this plan. The railway had for several years used a similar method with satisfactory results for certain types of promotions in the transportation department.

The new procedure was adopted early in 1939, after more than five years of preparation. Before any new men were hired, an opportunity was given to employees in other departments of the railway, who were well recommended by their superiors, to apply for transfer to operators. A written examination given these applicants on June 20, 1939, was followed by oral and physical examinations. About 50 of the applicants met the requirements and are now operators.

A similar examination was held in the fall, with more than 1,800 non-employee applicants. A third of these failed to meet the railway's standards as to eyesight, height and general physical requirements. The others were given a written examination at the



Boston English High School on October 14, 1939, and oral examinations later. Credit was also given for education and experience tending to qualify the applicants for the duties of an operator.

As a result, a total of 673 applicants received a passing grade of 70 per cent. or higher. The first appointments from this list were made on December 15, 1939.

Experience with this merit rating plan, in the use of which the railway is a pioneer among public utilities, has been very satisfactory.

Adjustment of Long 5-Cent Local Rides

Effective November 1, 1939, the trustees adjusted the limits of certain long local 5-cent rides on surface car, bus and trackless trolley lines, to bring these local rides in conformity with the original purpose of such rides, namely, transportation at a reduced rate for short distances to and from local centers.

Rides at a local rate were started in the early 1920's when the railway was earning enough to cover the cost of service. Throughout the 1920's the local riding was developed at fares from five to six and one-quarter cents in years when the railway was breaking even or better. The establishment of many new bus and trackless trolley lines resulted in the gradual lengthening of local fare rides to include, in many cases, a ride the entire length of the line.

The adjustment in November placed these local rides on a sound basis, restored such riding to its original purpose and will have the effect of reducing the deficit.

Bus Service

On September 9, 1939, bus service replaced trolley car service between Harvard Square and Central Square, except during the rush hours. To take care of the relatively heavy demand for service between Central Square and the Harvard Bridge, the bus line has been extended as far as Technology Yard. During the hours of bus operation the trolley cars operate between the Green Street loop and Massachusetts Station. During the rush hours trolley car service is operated between Harvard Square and Massachusetts Station.

A similar partial substitution of bus service for trolley car service was placed into effect on the line between the Salem Street carhouse and Sullivan Square via Winter Hill.

During the year just ended, the bus revenue miles operated were 11,514,941, whereas, in 1938, the mileage operated was 11,032,794.

As of the end of 1939, bus service was operated over 172 miles of street, as compared to an operation of over 169 miles of street during the same period in the prior year.

Trackless Trolley Service

One new trackless trolley line, the eighth, was inaugurated during the year just ended. This line was put in operation between Faulkner and the Everett "El" Station, replacing a bus line.

Revenue mileage operated by this relative newcomer in the field of transportation amounted to 2,221,853 miles in 1939 as compared to 1,434,869 in 1938. As of the end of 1939, the railway operated trackless trolley service over slightly more than 19 miles of street. The railway now owns 97 trackless trolley vehicles.

Chartered Bus Service

The year just closed again showed a gratifying increase in the volume of chartered bus service, a service which has become popular for group outings, picnics and convention meetings.

To show the increase over the last three years, the following tabulation is appended:

	1939	1938	1937
Revenue	$118,082.85	$81,681.70	$70,688.08
Revenue Mileage	167,685	114,706	96,138
Number of Orders	6,953	5,347	4,394
Number of Buses	9,607	6,970	5,918

Fare Evasions

The railway's efforts to control and eliminate the use of "slugs," misuse of tickets, evasions of fares, etc., is indicated from the fact that during 1939 there were 125 of these cases prosecuted in the courts for which convictions were obtained in all but 17 cases.

The reduction in the use of counterfeit coins or otherwise uncurrent pieces in automatic passimeters has been highly satisfactory. In 1931 there were 107,501 such coins used, whereas, in 1938, the number had been reduced to 10,793, and for the year just ended the number had been further reduced to 8,917, the lowest figure thus far.

Illegal Transportation

With the co-operation of the Police Department of the City of Boston, the railway continues its efforts to stop illegal taxicab operations which result in diverting revenues that properly belong to the railway. In the year just ended 503 cases of illegal taxicab operations were detected, from which followed a suspension of licenses for 4,960 days.

Complaints

All complaints received by the railway are given careful attention, and, wherever possible, a representative of the railway interviews the complainant. During 1939, there were 865 complaints

concerning employees and 239 complaints concerning service. These figures compare favorably with those for 1938, when there were 984 complaints concerning employees and 248 concerning service. The total of these complaints for last year, 1,104, compares with an annual average of 1,133 during the preceding five years.

Boston, Revere Beach & Lynn Railroad

During 1939 the problem arising out of the difficulties of the Boston, Revere Beach & Lynn Railroad was considered.

At their request the railway co-operated with the authorities of the Town of Winthrop and with other public authorities in a study of the facts arising from the transportation needs of the communities affected. The railway has had no other intent than to face the facts as they affect the present metropolitan district.

The Legislature passed an Act which provided for unified service to Winthrop and which would not increase the railway's deficit.

The Winthrop town meeting twice rejected this Act and as a result of suspension of service on the Boston, Revere Beach & Lynn Railroad on January 27, 1940, the Department of Public Utilities granted a 60-day emergency license for independent bus operation from Winthrop to the Maverick Square terminal of the East Boston Rapid Transit Tunnel.

Old Colony Railroad

During the year the relationship of the Boston Elevated system to the difficulties of the Old Colony attracted public attention.

The trustees made it plain that extending the present Boston Elevated system to include an area eight miles from the present Dorchester Tunnel, comprising the city of Quincy and the town of Braintree, for a ten cent fare would

1st—Require legislative action;

2nd—Involve capital expenditures;

3rd—Increase the deficit paid by taxpayers in the present 14 cities and towns served by the "El";

4th—Impose a deficit also on the taxpayers in the communities affected in the eight mile additional zone.

The trustees of the Boston Elevated Railway have taken no action upon the matter. In view of the importance of the problem, the railway has co-operated with the State authorities by providing information and will continue to do so to assist them in their efforts to find a practical solution of the difficulties. It should be clearly understood that the railway does not contemplate any action whatever that would increase the Boston Elevated deficit.

Study by Finance Commission

In a statement issued on August 2, 1939, the Board of Trustees said that it was of opinion that the Finance Commission of the City of Boston lacked legal authority to conduct an official investigation of the Boston Elevated Railway.

Subsequently, after a conference between the Governor of the Commonwealth and the Chairman of the Board of Trustees and after further conferences between the Mayor of Boston and the Finance Commission and members of the Board of Trustees, the Board, without changing its position, agreed to co-operate with the Mayor and the Finance Commission in a study pertaining to the Boston Elevated Railway along lines agreed upon at those conferences.

Plant and Equipment Changes

Everett Shops. The new shop unit at Everett, referred to in last year's report, has been completed except for the installation of minor items of equipment and machinery.

Except for the section in which the offices are located, it is a one-story building approximately 497 feet long, varies in width from 157 feet to 178 feet and is connected with the woodworking building.

Woodworking and paint shop units were constructed at Everett fifteen years ago and all three of the shop units are connected by a transferway to facilitate the movement of equipment from one building to another.

Completion of the new unit has permitted centralization at one location of the supervisory and clerical forces and the storeroom of the department of rolling stock and shops and of the repair and overhauling of rapid transit and surface cars, buses and trackless trolleys. The shop unit has been equipped with cranes and hoists for speedy and economical handling of heavy equipment. Obsolete machines have been replaced with modern ones and others have been motorized and reconditioned. The old shop buildings at Albany Street, including the Goodyear Building which the railway has leased since 1910, have been vacated.

The concentration of shop facilities will result in substantial economies in maintenance of equipment.

Reservoir Carhouse. There is under construction a new unit and alterations in the existing unit at this carhouse. These changes will permit the storage, inspection and repairs of additional cars and will result in operating savings.

Escalators. A modern escalator of the latest design was installed by the Transit Department of the City of Boston at Park Street Under Station, eastbound platform, replacing the escalator installed in 1912. Major repairs were required on the two escalators leading from the westbound platform at the South Station.

Elevators. Thorough repairs were made last year on the four passenger elevators at Atlantic Station.

Lobby Building, Mattapan Station. A new lobby building was erected by the Transit Department of the City of Boston and placed in service on July 22, 1939. This lobby building is located at the in-town end of the station platform and provides a more convenient location than the former lobby building fronting on Mattapan Square, which building is now being converted into two stores for rental.

Rolling Stock and Miscellaneous Equipment. Sixty-four modern type buses, five trackless trolleys and automotive service equipment were purchased during the year.

Conclusion

This report considers in detail the operations of the Boston Elevated Railway and the underlying financial relations between the District served and the railway. The undersigned want to make as clear as is possible all the factors relating to the operations of this vast transportation system in which the public has so great an interest. They also want to make understood the difficulties that exist, with the present level of business, in restoring the system to a self-supporting basis.

Because of the factors discussed in the foregoing pages:—the lower level of riding, the constant and high level of fixed charges, and the large payments for the retirement of public debt—the ultimate goal of a railway system operating without a deficit is not in view for the immediate future. Nevertheless, improvement of a definite character may be recorded. The 1939 calendar year deficit from operations has been reduced by practically $400,000. The re-adjustment of the 5c local rides should increase annual revenues, and further reduce the deficit.

We should like to emphasize that in many respects the railway problem is a community one and that, therefore, the railway should be helped in every reasonable way in bringing about a reduction in its fixed charges, in expediting the movement of traffic and in receiving all income to which it is entitled.

BOARD OF PUBLIC TRUSTEES,

BOSTON ELEVATED RAILWAY COMPANY.

EDWARD E. WHITING, *Chairman*
HENRY J. SMITH, *Secretary*
ERNEST A. JOHNSON
WILLIAM P. JOY
PATRICK J. WELSH

February 1, 1940.

Appendix 1

Lybrand, Ross Bros. & Montgomery
Boston, Massachusetts

To the Trustees of
Boston Elevated Railway Company:

We have made an examination of the accompanying general balance sheet of the Boston Elevated Railway Company as at December 31, 1939 and of the accompanying income statement for the twelve months ended December 31, 1939. In connection therewith we examined or tested accounting records of the company and other supporting evidence and obtained information and explanations from officers and employees of the company; we also made a general review of the accounting methods and of the operating and income accounts for the period, but we did not make a detailed audit of the transactions.

In our opinion, the provision for depreciation of road and equipment in the year 1939 charged to cost of service as shown in the accompanying schedule of operating expense accounts is fair and reasonable, but the amount of accrued depreciation appearing in the accompanying balance sheet is inadequate.

In our opinion, based upon such examination, and subject to the comment in the preceding paragraph, the accompanying general balance sheet as at December 31, 1939 and income statement for the twelve months ended December 31, 1939, fairly present, in accordance with accepted principles of accounting consistently maintained by the company during the year, the position of Boston Elevated Railway Company at that date and the results of operations under public control for the year then ended.

(Signed) Lybrand, Ross Bros. & Montgomery.

Boston, Massachusetts
January 26, 1940.

Appendix 2

General Balance Sheet

Assets	Dec. 31, 1939	Dec. 31, 1938
Investments		
Road and Equipment:		
Way and Structures	$61,385,369.19	$60,464,690.61
Equipment	31,237,257.97	31,392,789.78
Power	15,558,582.68	15,560,341.82
General and Miscellaneous	1,972,733.17	1,972,733.17
Unfinished Construction	105,613.06	888,819.62
Total Road and Equipment	$110,259,556.07	$110,279,375.00
Miscellaneous Physical Property	$799,061.67	$815,654.67
Other Investments:		
United States Treasury Notes	——	$2,003,908.83
Reconstruction Finance Corporation Notes	$1,007,031.25	——
United States Treasury Bonds	400,000.00	——
Mortgage Notes	129,500.00	155,550.50
Advances, Road and Equipment:		
Eastern Massachusetts Street Railway Company	233,428.26	206,257.37
Total Other Investments	$1,769,959.51	$2,365,716.70
Total Investments	$112,828,577.25	$113,460,746.37

General Balance Sheet—*Continued*

Liabilities	Dec. 31, 1939	Dec. 31, 1938
Stock		
Capital Stock:		
Common Stock	$23,879,400.00	$23,879,400.00
Premium on Capital Stock:		
Common Stock	2,707,428.13	2,707,428.13
Total Stock	**$26,586,828.13**	**$26,586,828.13**
Bonds		
Funded Debt Unmatured:		
4½% 30 yr. B. E. Ry. Co. Bonds, Due Nov. 1, 1941	$5,000,000.00	$5,000,000.00
5% 30 yr. B. E. Ry. Co. Bonds, " Dec. 1, 1942	8,286,000.00	8,286,000.00
5% 30 yr. W. E. St. Ry. Co. Bonds, " Mar. 1, 1944	2,600,000.00	2,600,000.00
7% 30 yr. W. E. St. Ry. Co. Bonds, " Sept. 1, 1947	570,000.00	570,000.00
4½% 15 yr. B. E. Ry. Co. Bond, " Aug. 1, 1949	1,581,000.00*	1,581,000.00*
5% 25 yr. B. E. Ry. Co. Bond, " Jan. 1, 1960	6,309,000.00*	6,309,000.00*
5% 25 yr. B. E. Ry. Co. Bond, " Mar. 1, 1960	8,500,000.00*	8,500,000.00*
4½% 25 yr. B. E. Ry. Co. Bond, " Dec. 15, 1960	7,711,000.00*	7,711,000.00*
4½% 25 yr. B. E. Ry. Co. Bond, " June 1, 1961	3,815,000.00*	3,815,000.00*
4¼% 25 yr. B. E. Ry. Co. Bond, " Jan. 1, 1962	2,098,000.00*	2,098,000.00*
4¾% 25 yr. B. E. Ry. Co. Bond, " Oct. 1, 1962	4,800,000.00*	4,800,000.00*
6% B. E. Ry. Co. Bonds Authorized Under Sec. 4, Chapter 333, Acts 1931	23,430,917.00*	23,430,917.00*
6% B. E. Ry. Co. Bond, Auth. Sec. 4, Chap. 333, Acts 1931, as amended by Sec. 1, Chap. 299, Acts 1932	1,500,000.00*	1,500,000.00*
Total Bonds	**$76,200,917.00**	**$76,200,917.00**

*Held by Boston Metropolitan District. (Total $59,744,917.00—78.4% of Bonds outstanding.)

General Balance Sheet—*Continued*

Assets	Dec. 31, 1939	Dec. 31, 1938
Current Assets		
Cash	$2,470,064.01	$1,487,650.14
Special Deposits:		
Interest, Dividends and Rents Unpaid	$315,108.68	$328,769.93
For Preferred Stock Redemption	1,048.36	1,377.39
Employes' Social Security Taxes	31,222.09	29,134.69
Reserve Fund, Chap. 159, Spec. Acts, 1918	———	———
Total Special Deposits	$347,379.13	$359,282.01
Miscellaneous Accounts Receivable	$427,341.05	$395,217.34
Material and Supplies	1,931,359.56	1,868,802.77
Interest, Dividends and Rents Receivable	11,558.46	13,163.25
Other Current Assets	39,230.00	39,080.00
Total Current Assets and Special Deposits	$5,226,932.21	$4,163,195.51
Unadjusted Debits		
Rents and Insurance Premiums Paid in Advance	$63,483.00	$88,468.00
Discount on Funded Debt	1,114,171.26	1,187,257.14
Other Unadjusted Debits	54,019.06	61,449.39
Total Unadjusted Debits	$1,231,673.32	$1,337,174.53
Total Assets	$119,287,182.78	$118,961,116.41

Notes: Amounts advanced by Commonwealth of Massachusetts to the Boston Elevated Railway Company for deficits in cost of service July 1, 1931 to March 31, 1939 totaled $15,879,698.42 as at December 31, 1939.

Net credits to cost of service, carried to profit and loss account and not reflected in the income statement following, amounted to $60,029.75 for the calendar year 1939 and $1,363,209.29 (including $1,262,208.40 reduction of federal tax reserve) for the calendar year 1938. Under the provisions of the Public Control Act as amended, amounts advanced by the Commonwealth of Massachusetts to the Boston Elevated Railway Company are based on deficits in cost of service for the twelve months' period ending March 31.

General Balance Sheet—*Concluded*

Liabilities	Dec. 31, 1939	Dec. 31, 1938
Current Liabilities		
Audited Accounts and Wages Payable	$561,664.13	$653,998.52
Matured Interest, Dividends and Rents Unpaid	323,984.56	337,646.68
Accrued Interest, Dividends and Rents Payable:		
Accrued Interest on Funded Debt	924,333.91	924,333.91
Accrued Rent of Leased Roads	5,678.36	5,678.36
Accrued Rent of Subways, Tunnels & R. T. L.	113,274.14	111,796.66
Total Accrued Interest, Dividends and Rents Payable	$1,043,286.41	$1,041,808.93
Total Current Liabilities	$1,928,935.10	$2,033,454.13
Deferred Liabilities		
Liability for Provident Funds	$31,485.53	$29,582.23
Other Deferred Liabilities	9,644.03	11,954.47
Total Deferred Liabilities	$41,129.56	$41,536.70
Unadjusted Credits		
Tax Liability	$168,584.42	$169,507.28
Premium on Funded Debt	$16,407.12	$20,333.64
Injury and Damage Reserve	$969,779.52	$1,035,479.00
Accrued Depreciation—Road and Equipment	$16,654,629.49	$16,304,796.56
Other Unadjusted Credits:		
Outstanding Tickets and Tokens	$52,108.00	$41,178.63
Other Unadjusted Credits	538,146.25	555,938.49
Total Other Unadjusted Credits	$590,254.25	$597,117.12
Total Unadjusted Credits	$18,399,654.80	$18,127,233.60
Corporate Surplus		
Profit and Loss:		
Prior to July 1, 1918	$12,127.83*	$12,127.83*
Year Ended June 30, 1931	1,969,473.12*	1,969,473.12*
Cost of Service Deficit 9 months ended December 31	2,429,448 88*	2,588,020.22*
Arising out of Consolidation with West End St. Ry. Co., June 10, 1922 and Reorganization July 1, 1931	540,768.02	540,768.02
Total Corporate Surplus	$3,870,281.81*	$4,028,853.15*
Total Liabilities	$119,287,182.78	$118,961,116.41

*Debit.

Appendix 3

Income Statement

	Twelve Months Ended Dec. 31, 1939	Twelve Months Ended Dec. 31, 1938
Operating Income		
Passenger Revenue	$25,003,678.34	$24,663,197.63
Special Car and Special Bus Revenue	119,788.35	83,625.40
Mail Revenue	——	72.93
Total Revenue from Transportation	$25,123,466.69	$24,746,895.96
Station and Car Privileges	$462,127.12	$491,226.60
Rent of Tracks and Facilities	2,338.87	2,342.40
Rent of Equipment	8,199.67	7,746.48
Rent of Buildings and Other Property	53,122.91	53,091.82
Power	35,320.09	34,214.91
Miscellaneous	176.97	328.85
Total Revenue from Other Railway Operations	$561,285.63	$588,951.06
Total Railway Operating Revenues	$25,684,752.32	$25,335,847.02
Railway Operating Expenses:		
Way and Structures	$2,886,987.35	$2,898,926.89
Equipment	3,110,983.98	3,308,852.62
Power	1,722,741.79	1,663,194.36
Conducting Transportation	8,527,222.15	8,661,957.24
Traffic	22,312.40	19,766.21
General and Miscellaneous	2,459,677.28	2,271,708.88
Transportation for Investment	†13,919.01	†25,119.81
Total Railway Operating Expenses	$18,716,005.94	$18,799,286.39
Net Revenue Railway Operations	$6,968,746.38	$6,536,560.63
Taxes Assignable to Railway Operations:		
Federal	$588,511.58	$586,677.42
State and Municipalities	1,043,675.99	1,040,091.81
Total Taxes Assignable to Railway Operations	$1,632,187.57	$1,626,769.23
Operating Income	$5,336,558.81	$4,909,791.40

†Credit.

Income Statement—*Concluded*

	Twelve Months Ended Dec. 31, 1939	Twelve Months Ended Dec. 31, 1938
Non-Operating Income		
Income from Funded Securities	$22,115.13	$43,488.72
Release of Premiums on Funded Debt	3,926.52	3,926.52
Miscellaneous Income	154.43	70.97
Total Non-Operating Income	$26,196.08	$47,486.21
Gross Income	$5,362,754.89	$4,957,277.61
Deductions from Gross Income		
Rent for Leased Roads	$45,560.49	$45,458.24
Miscellaneous Rents	2,825,776.56	2,822,426.75
Net Loss on Miscellaneous Physical Property	8,100.02	2,848.26
Interest on Funded Debt	3,952,485.02	3,952,485.02
Dividends (Chap. 333, Acts 1931)	1,193,970.00	1,193,970.00
Amortization of Discount on Funded Debt	73,085.88	73,085.88
Miscellaneous Debits	8,067.06	7,689.40
Total Deductions from Gross Income	$8,107,045.03	$8,097,963.55
Operating Loss for Year	*$2,744,290.14	*$3,140,685.94

*Debit.

Appendix 4

Operating Expense Accounts

	Twelve Months Ended Dec. 31, 1939	Twelve Months Ended Dec. 31, 1938
Way and Structures		
Superintendence of Way and Structures	$276,707.84	$261,208.80
Maintenance of Track and Roadway	956,611.27	941,786.64
Removal of Snow and Ice	157,576.83	208,660.36
Tunnels and Subways	36,408.79	26,572.76
Elevated Structures and Foundations	63,675.83	60,872.76
Bridges, Trestles and Culverts	7,457.97	3,877.33
Crossings, Fences and Signs	5,693.28	9,708.81
Signals and Interlocking Apparatus	29,807.49	34,700.43
Telephone and Telegraph Lines	8,901.62	6,758.13
Other Miscellaneous Way Expenses	36,055.07	39,075.60
Maintenance of Electric Line Equipment	236,176.39	220,218.34
Maintenance of Buildings, Fixtures and Grounds	351,914.97	382,886.93
Depreciation of Way and Structures	720,000.00	702,600.00
Total Way and Structures	$2,886,987.35	$2,898,926.89
Equipment		
Superintendence of Equipment	$145,562.36	$153,850.49
Maintenance of Revenue Equipment	1,208,819.16	1,294,436.83
Maintenance of Rail Service Equipment	18,937.52	32,499.52
Elec. Equip. Maint. of Revenue Equipment	295,784.56	342,114.99
Shop Equipment	54,388.15	43,881.08
Shop Expenses	264,922.20	252,911.44
Miscellaneous Equip. (Autos, Trucks & Tractors)	53,113.81	43,238.67
Depreciation of Equipment	495,000.00	592,800.00
Depreciation of Buses & Trackless Trolleys	574,456.22	553,119.60
Total Equipment	$3,110,983.98	$3,308,852.62
Power		
Superintendence of Power	$92,312.62	$91,040.02
Maintenance of Power Plant Bldgs. & Equipt.	185,870.67	155,693.23
Depreciation of Power Plant Bldgs. & Equipt.	285,000.00	249,600.00
Operation of Power Plants	921,237.02	932,837.17
Gasoline and Fuel Oil for Buses	238,321.48	234,023.94
Total Power	$1,722,741.79	$1,663,194.36

Operating Expense Accounts—*Concluded*

	Twelve Months Ended Dec. 31, 1939	Twelve Months Ended Dec. 31, 1938
Conducting Transportation		
Superintendence of Transportation	$1,115,567.27	$1,101,714.44
Pass. Car, Trainmen and Bus Operators	4,970,203.51	5,060,044.74
Misc. Car and Bus Service Employes	183,690.70	182,776.27
Misc. Car and Bus Service Expenses	103,890.07	109,083.05
Station Employes	637,921.83	661,575.01
Station Expenses	194,276.76	204,463.42
Car House and Bus Garage Employes	771,722.66	779,942.53
Car House and Bus Garage Expenses	89,749.18	83,526.35
Operation of Signal & Interlocking Apparatus	230,960.02	245,964.06
Operation of Telephone & Telegraph Lines	13,405.38	12,739.21
Other Transportation Expenses	215,834.77	220,128.16
Total Conducting Transportation	$8,527,222.15	$8,661,957.24
Traffic		
Traffic	$22,312.40	$19,766.21
General and Miscellaneous		
Salaries and Expenses of General Officers	$86,364.24	$85,752.17
Salaries and Expenses of General Office Clerks	391,043.43	385,042.13
General Office Supplies and Expenses	79,916.45	83,292.39
Law Expenses	34,162.29	37,751.41
Relief Expenses	120.00	120.00
Pensions and Gratuities	250,772.26	228,589.12
Miscellaneous General Expenses	95,213.12	91,247.08
Injuries and Damages	995,369.46	833,469.94
Insurance	150,476.02	168,191.01
Stationery and Printing	59,557.82	57,055.78
Store Expenses	214,410.22	189,952.76
Garage Expenses (Excl. Bus Garages)	88,404.06	87,790.90
Rent of Tracks and Facilities	———	9,598.32
Rent of Equipment	13,867.91	13,855.87
Total General and Miscellaneous	$2,459,677.28	$2,271,708.88
Transportation for Investment	†$13,919.01	†$25,119.81
Total Operating Expenses	$18,716,605.94	$18,799,286.39

†Credit.

Appendix 5

Road and Equipment Investment

Account	Total Dec. 31, 1939	Total Dec. 31, 1938
Way and Structures		
Engineering and Superintendence	$1,722,072.11	$1,722,072.11
Right of Way	11,465,147.56	11,465,147.56
Other Land	5,723,361.72	5,714,730.33
Grading	317,191.25	321,233.84
Ballast	725,403.43	733,836.64
Ties	778,861.11	804,617.87
Rails, Rail Fastenings and Joints	1,688,753.86	1,796,172.68
Special Work	4,331,053.86	4,341,216.83
Track and Roadway Labor	4,033,636.20	4,094,438.70
Paving	1,342,093.71	1,373,742.60
Roadway Machinery and Tools	585,943.22	552,990.10
Tunnels and Subways	358,535.07	357,648.36
Elevated Structures and Foundations	5,549,015.53	5,549,015.53
Bridges, Trestles and Culverts	1,994,721.36	2,002,986.39
Crossings, Fences and Signs	85,720.95	85,720.95
Signals and Interlocking Apparatus	1,134,496.61	1,138,110.51
Telephone and Telegraph Lines	102,935.36	102,935.36
Poles and Fixtures	682,406.67	658,445.59
Underground Conduit	1,914,536.07	1,901,129.79
Distribution System	3,791,105.12	3,749,721.13
Shops, Car Houses and Garages	8,281,556.24	7,246,348.70
Stations, Misc. Buildings and Structures	4,544,520.98	4,520,127.84
Wharves and Docks	232,301.20	232,301.20
Total Way and Structures	$61,385,369.19	$60,464,690.61
Equipment		
Pass. Cars, Buses and Trackless Trolleys	$20,899,714.52	$21,114,212.33
Service Equipment	968,246.59	969,731.29
Electric Equip. of Cars and Trackless Trolleys	7,346,234.63	7,520,968.56
Shop Equipment	906,878.99	741,797.91
Furniture, Fare Boxes and Passimeters	270,935.90	264,380.43
Miscellaneous Equipment	845,247.34	781,699.26
Total Equipment	$31,237,257.97	$31,392,789.78
Power		
Power Plant Buildings	$3,601,316.77	$3,601,316.77
Sub Station Buildings	640,979.22	640,979.22
Power Plant Equipment	7,022,436.04	7,021,154.98
Sub Station Equipment	2,688,678.65	2,688,828.65
Transmission System	1,605,172.00	1,608,062.20
Total Power	$15,558,582.68	$15,560,341.82
General and Miscellaneous		
Law Expenditures	$250.00	$250.00
Interest during Construction	1,832,301.09	1,832,301.09
Injuries and Damages	7,500.00	7,500.00
Taxes	145,866.54	145,866.54
Miscellaneous	13,184.46*	13,184.46*
Total General and Miscellaneous	$1,972,733.17	$1,972,733.17
Unfinished Construction	$105,613.06	$888,819.62
Total Road and Equipment	$110,259,556.07	$110,279,375.00

*Credit.

Appendix 6

Investment in Road Owned and Leased December 31, 1939

Boston Elevated Railway Company			
Road and Equipment		$110,259,556.07	
Miscellaneous Physical Property		799,061.67	
Total Boston Elevated Railway Company Investment			$111,058,617.74
Leased Lines			
Hyde Park Transportation District (City of Boston)		$245,931.51	
Eastern Mass. St. Ry. Co. (Part Leased) Old Colony Lines, West Roxbury	$672,847.44		
Boston & Northern Lines, Middlesex Fells Lines	29,546.01		
Expenditures for Additions and Betterments	233,428.26		
Total Eastern Mass. St. Ry. Co.		935,821.71	
Total Leased Lines			1,181,753.22
City of Boston Investment			
Boylston Subway		$11,531,627.13	
Cambridge Connection		1,698,002.85	
Dorchester Tunnel		12,258,994.41	
Dorchester Rapid Transit Extension		11,062,820.43	
East Boston Tunnel		7,290,858.78	
East Boston Tunnel Extension		2,347,069.68	
Tremont Subway		4,675,011.76	
Washington Tunnel		7,974,216.01	
Total City of Boston Investment			58,838,601.05
Commonwealth of Massachusetts Investment			
Cambridge Subway		$8,226,759.52	
Total Commonwealth of Massachusetts Investment			8,226,759.52
TOTAL INVESTMENT IN ROAD OWNED AND LEASED			$179,305,731.53

Appendix 7

Capital Outstanding December 31, 1939

Outstanding Capital Stock

COMMON STOCK

No. Shares Outstanding	Par Value Shares Outstanding	Net Premium	Amount Realized	Date of Approval by Commission	Yearly Dividend	Dividends Payable
5,000	$500,000.00	——	$500,000.00	July 26, 1897		
95,000	9,500,000.00	——	9,500,000.00	July 6, 1900		
33,000	3,300,000.00	$1,815,000.00	5,115,000.00	Aug. 22, 1902		
66,500	6,650,000.00	695,958.13	7,345,958.13	Dec. 18, 1908		
39,294	3,929,400.00	196,470.00	4,125,870.00	Dec. 6, 1912		
238,794	$23,879,400.00	$2,707,428.13	$26,586,828.13		5%—$1,193,970.00	Jan. 1 Apr. 1 July 1 Oct. 1

OUTSTANDING FUNDED DEBT

Par Value	Rate	Maturity	Net Premium or Discount	Amount Realized	Date of Approval by Commission	Yearly Interest	Co.
$5,000,000.00	4½%	Nov. 1, 1941	*$100,000.00	$4,900,000.00	Oct. 17, 1911	$225,000.00	B. E.
4,000,000.00	5 %	Dec. 1, 1942	*80,000.00	3,920,000.00	Dec. 6, 1912	200,000.00	B. E.
1,000,000.00	5 %	Dec. 1, 1942	*78,410.00	921,590.00	May 27, 1914	50,000.00	B. E.
3,286,000.00	5 %	Dec. 1, 1942	*257,655.26	3,028,344.74	Nov. 9, 1915	164,300.00	B. E.
2,600,000.00	5 %	Mar. 1, 1944	112,832.07	2,712,832.07	Feb. 4, 1914 Apr. 14, 1914	130,000.00	W. E.
570,000.00	7 %	Sept. 1, 1947	399.00	570,399.00	Aug. 24, 1917 Sept. 4, 1917	39,900.00	W. E.
§ 1,581,000.00	4½%	Aug. 1, 1949	*77,690.34	1,503,309.66	July 11, 1934	71,145.00	B. E.
§ 6,309,000.00	5 %	Jan. 1, 1960	*139,428.90	6,169,571.10	Dec. 4, 1934	315,450.00	B. E.
§ 8,500,000.00	5 %	Mar. 1, 1960	69,615.00	8,569,615.00	Feb. 21, 1935	425,000.00	B. E.
§ 7,711,000.00	4½%	Dec. 15, 1960	*186,220.65	7,524,779.35	Nov. 15, 1935	346,995.00	B. E.
§ 3,815,000.00	4½%	June 1, 1961	*36,242.50	3,778,757.50	Apr. 15, 1936	171,675.00	B. E.
§ 2,098,000.00	4¼%	Jan. 1, 1962	*13,595.04	2,084,404.96	Jan. 8, 1937	89,165.00	B. E.
§ 4,800,000.00	4¾%	Oct. 1, 1962	*100,420.80	4,699,579.20	Sept. 15, 1937	228,000.00	B. E.
§ 1,500,000.00	6 %	* * *	——	1,500,000.00	Note B	90,000.00	B. E.
§23,430,917.00	6 %	* * *	——	23,430,917.00	Note A	1,405,855.02	B. E.
$76,200,917.00			*$886,817.42	$75,314,099.58		$3,952,485.02	

*Discount.

A.—Authorized by Section 4, Chapter 333, Acts of 1931.

B.—Auth. by Amendment to Sec. 4, Chap. 333, Acts of 1931, made by Sec. 1, Chap. 299, Acts of 1932.

§Held by Boston Metropolitan District. (Total $59,744,917.00—78.4% of total outstanding.)

Average Rate of Return 5.05% on Capital Outstanding. (Bonds 5.25%—Stock 4.49%.)

Appendix 8

1939 Loan Assessment on Cities and Towns
Chapter 159, Special Acts 1918, as Amended

Cities and Towns	*Per Cent*	*Amount*
Arlington	1.8836	$53,547.58
Belmont	1.0115	28,755.24
Boston	64.8984	1,844,952.29
Brookline	3.9985	113,670.63
Cambridge	8.1782	232,492.46
Chelsea	1.9351	55,011.64
Everett	2.2536	64,066.06
Malden	3.1777	90,336.67
Medford	3.3245	94,509.94
Milton	.7106	20,201.16
Newton	.7662	21,781.78
Revere	1.4125	40,155.00
Somerville	5.1667	146,880.59
Watertown	1.2829	36,470.69
Totals	100.00%	$2,842,831.73

Deficit for year ended March 31, 1939.
Based on traffic counts, April 28, 29, 30 and May 1, 1939.
Expense to Comm. of Mass. to finance loan assessment $1,270.83.

Appendix 9

Revenue Passengers Carried—1918 to 1939

Year Ended	5c Fares	6 and 6¼c Tickets and Tokens	7c Fares	8c Fares	10c Fares	Pupils' Tickets 5c	Special Car & Special Bus Passengers	Total Revenue Passengers
Dec. 31, 1918 . .	217,203,899	——	102,619,954	28,739,858	——	——	100,989	348,664,700
Dec. 31, 1919 . .	886,034	——	——	173,808,769	146,162,131	3,803,815	97,936	324,758,685
Dec. 31, 1920 . .	8,846,989	——	——	——	326,496,184	5,105,588	77,800	335,526,561
Dec. 31, 1921 . .	23,915,742	——	——	——	307,624,243	5,606,105	105,990	337,252,080
Dec. 31, 1922 . .	71,425,847	——	——	——	279,851,313	5,213,664	103,618	356,593,942
Dec. 31, 1923 . .	94,170,518	——	——	——	283,660,762	4,214,132	104,285	382,149,697
Dec. 31, 1924 . .	85,218,867	9,549,775	——	——	283,569,003	4,443,228	107,975	382,888,848
Dec. 31, 1925 . .	8,853,807	55,937,785	——	——	299,107,782	6,003,917	132,995	365,036,286
Dec. 31, 1926 . .	1,936,219	58,803,057	——	——	304,378,164	5,971,189	129,772	371,218,401
Dec. 31, 1927 . .	2,355,682	58,890,542	——	——	299,340,854	6,178,984	172,846	366,938,908
Dec. 31, 1928 . .	2,743,742	57,785,211	——	——	295,168,018	6,146,748	161,314	362,005,033
Dec. 31, 1929 . .	2,612,980	56,272,366	——	——	288,789,514	6,371,689	168,441	354,214,990
Dec. 31, 1930 . .	24,123,763	36,295,851	——	——	275,612,705	6,357,662	304,924	342,694,905
Dec. 31, 1931 . .	67,262,611	38,625	——	——	250,941,595	6,330,862	214,884	324,788,577
Dec. 31, 1932 . .	64,321,902	7,369	——	——	220,884,856	6,333,016	206,682	291,753,825
Dec. 31, 1933 . .	60,309,151	3,204	——	——	201,239,625	6,036,196	257,253	267,845,429
Dec. 31, 1934 . .	64,943,176	1,271	——	——	205,903,554	5,756,660	429,514	277,034,175
Dec. 31, 1935 . .	68,881,593	355	——	——	205,471,568	5,543,664	505,346	280,402,526
Dec. 31, 1936 . .	77,140,864	72	——	——	212,308,509	6,160,264	570,957	296,180,666
Dec. 31, 1937 . .	80,477,621	39	——	——	209,458,470	5,935,804	525,559	296,397,493
Dec. 31, 1938 . .	81,942,657	29	——	——	202,706,547	5,908,326	617,458	291,175,017
Dec. 31, 1939 . .	82,238,483	8	——	——	205,804,629	6,213,354	866,603	295,123,077

Appendix 10

Revenue Mileage—1918 to 1939

Year Ended	Rapid Transit Lines	Surface Lines					Total Passenger Service	Other Revenue Mileage	Total Revenue Mileage
		Two Men Cars	One Man Cars	Buses	Trackless Trolleys	Total Surface Lines			
Dec. 31, 1918 . .	13,364,229	39,398,056	—	—	—	39,398,056	52,762,285	259,531	53,021,816
Dec. 31, 1919 . .	14,139,619	39,373,452	20,451	—	—	39,393,903	53,533,522	187,727	53,721,249
Dec. 31, 1920 . .	14,540,474	36,192,621	504,432	—	—	36,697,053	51,237,527	122,328	51,359,855
Dec. 31, 1921 . .	13,974,490	33,244,477	2,487,730	—	—	35,732,207	49,706,697	97,928	49,804,625
Dec. 31, 1922 . .	13,316,094	32,184,135	5,010,900	63,959	—	37,258,994	50,575,088	132,652	50,707,740
Dec. 31, 1923 . .	13,795,114	30,277,855	9,511,305	465,391	—	40,254,551	54,049,665	106,399	54,156,064
Dec. 31, 1924 . .	14,747,699	28,152,492	12,197,587	890,901	—	41,240,980	55,988,679	102,668	56,091,347
Dec. 31, 1925 . .	14,836,656	24,880,686	13,271,296	2,472,456	—	40,624,438	55,461,094	97,032	55,558,126
Dec. 31, 1926 . .	15,104,778	23,653,994	14,419,209	4,717,900	—	42,791,103	57,895,881	47,500	57,943,381
Dec. 31, 1927 . .	15,224,531	20,919,321	15,121,344	5,562,766	—	41,603,431	56,827,962	6,067	56,834,029
Dec. 31, 1928 . .	16,701,106	18,809,991	15,964,148	5,999,879	—	40,774,018	57,475,124	6,168	57,481,292
Dec. 31, 1929 . .	16,924,006	14,686,292	17,930,051	7,138,386	—	39,754,729	56,678,735	6,250	56,684,985
Dec. 31, 1930 . .	16,508,224	11,440,310	20,298,873	7,813,467	—	39,552,650	56,060,874	969	56,061,843
Dec. 31, 1931 . .	15,176,011	10,020,656	19,585,766	8,771,384	—	38,377,806	53,553,817	72	53,553,889
Dec. 31, 1932 . .	14,786,293	7,991,396	19,521,534	8,896,143	—	36,409,073	51,195,366	395	51,195,761
Dec. 31, 1933 . .	12,363,920	3,721,032	20,920,013	9,136,030	—	33,777,075	46,140,995	124	46,141,119
Dec. 31, 1934 . .	12,059,020	3,090,128	20,726,937	9,946,563	—	33,763,628	45,822,648	—	45,822,648
Dec. 31, 1935 . .	11,889,894	2,812,166	21,050,170	10,281,114	—	34,143,450	46,033,344	—	46,033,344
Dec. 31, 1936 . .	11,597,978	2,924,560	21,329,703	10,485,554	154,282	34,894,099	46,492,077	—	46,492,077
Dec. 31, 1937 . .	11,500,186	2,820,228	21,052,216	10,643,257	780,441	35,296,142	46,796,328	—	46,796,328
Dec. 31, 1938 . .	11,155,858	2,669,313	19,506,195	11,032,794	1,434,869	34,643,171	45,799,029	—	45,799,029
Dec. 31, 1939 . .	10,941,606	1,805,183	19,072,053	11,514,941	2,221,853	34,614,030	45,555,636	—	45,555,636

Appendix 11

Comparative Division of Receipts and Expenditures for Years Ended Dec. 31

	1939	1938	1937	1936	1935
otal Receipts	$25,710,948.40	$25,383,333.23	$25,939,777.15	$26,096,155.47	$24,926,426.46
perating Expenses:					
Wages	12,764,185.12	12,894,549.68	12,709,180.09	12,346,223.40	11,756,916.62
Material and other Items	2,214,457.49	2,295,707.22	2,119,136.67	2,090,890.27	2,131,401.89
Injuries and Damages	829,610.01	668,632.65	594,605.71	676,742.17	577,614.11
Depreciation	2,074,456.22	2,098,119.60	2,447,321.91	2,448,816.36	2,408,172.92
Fuel	833,297.10	842,277.24	840,559.47	847,669.79	791,307.05
Total Operating Expenses	$18,716,005.94	$18,799,286.39	$18,710,803.85	$18,410,341.99	$17,665,412.59
axes	1,632,187.57	1,626,769.23	1,669,002.46	1,573,217.91	1,520,923.60
vidends	1,193,970.00	1,193,970.00	1,193,970.00	1,193,970.00	1,193,970.00
ubway, Tunnel and R. T. L. Rents	2,825,776.56	2,822,426.75	2,822,629.46	2,812,255.07	2,809,087.75
terest on Bonds	3,952,485.02	3,952,485.02	3,939,114.19	3,862,562.10	3,816,444.04
iscellaneous Items	134,813.45	129,081.78	130,281.38	141,277.41	149,839.71
Total Cost of Service	$28,455,238.54	$28,524,019.17	$28,465,801.34	$27,993,624.48	$27,155,677.69
ss for Year	$2,744,290.14	$3,140,685.94	$2,526,024.19	$1,897,469.01	$2,229,251.23

Note:—*Profit and Loss Items not included in above.*

Appendix 12

Revenue Equipment Acquired And Retired

1918-1939

Surface Cars	Owned 1918	Acquired 1918-1939	Retired 1918-1939	On Hand Dec. 31, 1939
Semi-Convertible Cars:				
Types No. 1 to No. 4	453	...	188	265
Type No. 5	...	471	1	470
Type "4000"	...	64	10	54
Center Entrance Cars	100	305	119	286
Trailer Cars	174	50	212	12
P.C.C. Car	...	1	...	1
Birney Type Cars	1	80	81	...
Articulated Cars	177	...	177	...
Box Cars	1,113	...	1,113	...
Open Cars	1,354	...	1,354	...
Total Surface Cars	3,372	971	3,255	1,088
Rapid Transit Cars				
Elevated Cars, Wood and Steel	169	...	169	...
Elevated Cars, Steel	162	163	45	280
Camb.,Dorch. Tunnel Cars, Steel	60	95	...	155
East Boston Tunnel Cars, Steel	...	48	...	48
Total Rapid Transit Cars	391	306	214	483
Buses				
Mechanical Drive	...	769	279	490
Diesel—Electric Drive	...	24	...	24
Diesel—Hydraulic Drive	...	2	...	2
Gas, Electric Drive	...	46	46	...
Total Buses	...	841	325	516
Trackless Trolleys	...	97	...	97
Totals	3,763	2,215	3,794	2,184

Appendix 13

Basic Data for Period of Public Control

Calendar Years

Year Ended Dec. 31	Revenue Passengers	Revenue Miles	Receipts	Operating Expenses	Fixed Charges (See Note)	Miscl. Deductions	Net Result of Operations	Average Receipts Per Rev. Pass. (Cents)	Oper. Exp. Per Rev. Pass. (Cents)	Fixed Charges Per Rev. Pass. (Cents)	Average Fare Per Fare Pass. # (Cents)
1919 . . .	324,758,685	53,721,249	$29,498,582.82	$23,700,339.41	$7,873,683.38	$306,659.91	$2,382,099.88*	9.08c	7.30c	2.42c	8.86c
1920 . . .	335,526,561	51,359,855	34,031,636.44	25,769,122.11	8,342,668.69	267,012.88	347,167.24*	10.14	7.68	2.48	9.87
1921 . . .	337,252,080	49,804,625	33,277,025.53	22,843,056.99	9,006,357.65	256,166.02	1,171,444.87	9.87	6.77	2.67	9.56
1922 . . .	356,593,942	50,707,740	32,699,176.37	22,088,458.75	9,073,591.28	124,937.26	1,412,189.08	9.17	6.19	2.54	8.93
1923 . . .	382,149,697	54,156,064	34,096,813.26	24,130,253.41	9,189,868.68	97,059.61	679,631.56	8.92	6.31	2.40	8.71
1924 . . .	382,888,848	56,091,347	34,175,319.61	25,222,133.56	9,355,944.91	233,937.54	636,696.40*	8.93	6.59	2.44	8.73
1925 . . .	365,036,286	55,558,126	34,547,379.61	24,405,735.57	9,462,371.51	177,078.68	502,193.85	9.46	6.69	2.59	9.25
1926 . . .	371,218,401	57,943,381	35,481,313.38	26,076,268.11	9,713,154.75	174,639.64	482,749.12*	9.56	7.02	2.61	9.26
1927 . . .	366,938,908	56,834,029	35,193,410.03	25,132,332.81	9,705,521.39	132,740.34	222,815.49	9.59	6.85	2.64	9.26
1928 . . .	362,005,033	57,481,292	34,843,147.51	24,900,188.69	9,719,134.04	183,773.76	40,051.02	9.63	6.88	2.68	9.28
1929 . . .	354,214,990	56,684,985	34,096,623.03	24,024,747.23	9,871,709.99	106,093.17	94,072.64	9.63	6.78	2.78	9.28
1930 . . .	342,694,905	56,061,843	32,510,721.17	23,527,974.68	10,048,505.49	68,879.81	1,134,638.81*	9.49	6.87	2.93	9.16
1931 . . .	324,788,577	53,553,889	29,855,107.30	22,250,748.25	9,428,547.27	80,757.13	1,904,945.35*	9.19	6.85	2.90	8.87
1932 . . .	291,753,825	51,195,761	26,428,493.63	19,542,428.16	9,322,878.62	132,632.30	2,569,445.45*	9.06	6.70	3.19	8.79
1933 . . .	267,845,429	46,141,119	24,154,373.09	16,829,647.05	9,461,842.77	110,813.53	2,247,930.26*	9.02	6.28	3.53	8.76
1934 . . .	277,034,175	45,822,648	24,818,625.48	16,895,090.49	9,310,234.87	77,789.87	1,464,489.75*	8.96	6.10	3.36	8.72
1935 . . .	280,402,526	46,033,344	24,926,426.46	17,665,412.59	9,387,071.91	103,193.19	2,229,251.23*	8.89	6.30	3.35	8.67
1936 . . .	296,180,666	46,492,077	26,096,155.47	18,410,341.99	9,488,166.08	95,116.41	1,897,469.01*	8.81	6.22	3.20	8.59
1937 . . .	296,397,493	46,796,328	25,939,777.15	18,710,803.85	9,670,191.13	84,806.36	2,526,024.19*	8.75	6.31	3.26	8.54
1938 . . .	291,175,017	45,799,029	25,383,333.23	18,799,286.39	9,641,109.24	83,623.54	3,140,685.94*	8.72	6.46	3.31	8.49
1939 . . .	295,123,077	45,555,636	25,710,948.40	18,716,005.94	9,649,979.64	89,252.96	2,744,290.14*	8.71	6.34	3.27	8.50

* Denotes excess cost of service over receipts.

\# Excluding Special Car and Special Bus service.

Note:—Fixed charges include subway rentals, rent of leased roads, taxes, dividends and interest on bonds.

Appendix 14

Basic Data for Period of Public Control
Trustee Years Ended June 30 and March 31

Year Ended June 30	Revenue Passengers	Revenue Miles	Receipts	Operating Expenses	Fixed Charges (See Note)	Miscellaneous Deductions	Result of Operations (*For Losses)	Net Adj. Result of Operations Incl. Profit and Loss Items (*For Losses Assessed)
1919	331,348,124	53,569,606	$25,225,575.63	$22,362,171.97	$7,560,212.67	$716,611.21	$5,413,420.22*	$5,415,500.13§
1920	324,192,374	51,865,314	32,671,515.53	24,348,226.45	8,029,594.14	311,304.81	17,609.87*	17,079.95
1921	337,381,994	51,048,015	34,200,286.06	25,102,902.39	8,744,033.15	245,304.75	108,045.77	550,253.52
1922	345,545,009	49,774,298	32,698,965.01	22,113,783.76	9,086,894.45	195,603.45	1,302,683.35	1,385,211.44
1923	373,689,603	52,085,801	33,612,335.20	22,906,489.22	9,183,967.83	93,088.85	1,428,789.30	1,114,557.82
1924	386,263,158	56,068,563	34,262,009.46	25,009,657.54	9,233,372.93	163,181.43	144,202.44*	0.00
1925	370,729,801	55,670,491	34,198,250.91	24,606,418.26	9,412,380.77	210,735.98	31,284.10*	20,581.33
1926	368,932,079	56,552,827	35,087,845.89	25,306,433.69	9,622,903.89	168,562.92	10,054.61*	22,304.46
1927	371,893,575	57,970,731	35,618,066.06	25,834,928.57	9,720,918.98	138,818.02	76,599.51*	60,660.25
1928	363,576,565	57,188,342	35,009,933.28	24,937,185.81	9,674,559.56	169,170.88	229,017.03	895,518.01
1929	356,507,228	57,253,904	34,312,806.18	24,473,329.19	9,857,650.77	161,979.55	180,153.33*	0.00
1930	349,441,431	56,276,807	33,597,154.90	23,707,378.01	9,868,002.52	72,752.68	50,978.31*	0.00
1931	336,693,586	55,015,807	31,202,319.98	22,992,883.56	10,106,115.81	69,009.97	1,965,689.36*	1,969,473.12†
1932	310,919,428	52,806,825	28,376,280.28	21,386,862.60	9,001,671.68	108,548.38	2,120,802.38*	1,775,338.80*
1933	272,448,444	47,887,434	24,632,326.42	17,671,635.53	9,536,605.55	144,336.60	2,720,251.26*	2,753,124.14*
1934	275,723,393	46,015,449	24,753,158.12	16,896,758.04	9,369,839.17	76,121.66	1,589,560.75*	1,551,631.97*
March 31								
1935‡	207,065,714	34,144,810	18,500,541.01	12,888,265.26	6,935,419.91	67,126.55	1,390,270.71*	1,396,388.83*
1936	282,989,838	46,233,477	25,086,709.97	17,854,394.81	9,387,995.81	102,450.51	2,258,131.16*	2,086,202.37*
1937	296,335,489	46,563,392	26,073,097.59	18,280,433.47	9,552,026.07	89,354.29	1,848,716.24*	1,799,357.27*
1938	294,812,459	46,618,447	25,754,063.58	19,047,324.27	9,655,503.46	84,053.48	3,032,817.63*	1,674,823.31*
1939	292,388,134	45,472,768	25,466,415.26	18,605,453.29	9,653,453.71	90,045.33	2,882,537.07*	2,842,831.73*

Note:—Fixed charges include subway rentals, rent of leased roads, taxes, dividends and interest on bonds.
†This deficit for year ended June 30, 1931 ($1,969,473.12) was not assessed upon the cities and towns in the District—Sec. 22, Chap. 333, Acts 1931.
§Of this loss $4,980,151.67 was assessed and was repaid by the Railway between 1922 and 1931.
‡9 Months Period.

Appendix 15

Traffic Statistics, Years Ended December 31

	1939	1938	1937	1936
Round trips operated	6,012,448	6,107,492	6,217,978	6,222,871
Passenger revenue	$25,123,466.69	$24,746,823.03	$25,339,336.62	$25,502,416.15
Passenger revenue per mile (cents)	55.15c	54.03c	54.15c	54.85c
Passenger revenue per hour	$5.54	$5.47	$5.55	$5.69
Passenger revenue mileage	45,555,636	45,799,029	46,796,328	46,492,077
Passenger revenue hours	4,530,972	4,523,433	4,560,540	4,479,552
Revenue passengers carried	295,123,077	291,175,017	296,397,493	296,180,666
Revenue passengers carried per mile	6.48	6.36	6.33	6.37
Revenue passengers carried per hour	65.13	64.37	64.99	66.12

Appendix 16

Comparative Passenger Statistics—Revenue Passengers Carried

Year	Week Day Average	Saturday Average	Sunday Average	Holiday Average	Total for Year
1939	892,228	855,170	415,141	537,524	295,123,077
1938	878,464	854,214	411,409	522,427	291,175,017
1937	891,844	879,386	420,489	530,056	296,397,493
1936	887,327	876,626	418,647	552,292	296,180,666
1935	843,059	828,781	399,801	521,574	280,402,526
1934	834,409	812,085	397,514	502,981	277,034,175
1933	805,668	794,068	386,439	494,365	267,845,429
1932	870,865	879,000	421,070	504,983	291,753,825
1931	971,487	997,669	460,564	558,262	324,788,577
1930	1,025,036	1,050,111	488,101	590,810	342,694,905

Appendix 17

Comparative Power Statistics

	1939	1938	1937	1936	1935
Tons of coal burned	121,434	119,125	121,749	123,296	122,240
Pounds of coal per D. C. kilowatt hour	1.344	1.338	1.365	1.362	1.359
Average price of coal per long ton (at boilers)	$4.90	$5.11	$4.89	$4.80	$4.53
Net cost of power for car service per kilowatt hour (cents)	0.774	0.757	0.781	0.753	0.761
Net cost of power per total car mile (cents)	4.213	3.961	4.052	4.037	4.030
Direct current annual output (kilowatt hours)	202,281,485	199,415,500	199,803,250	202,736,175	201,497,540

Appendix 18

Investment and Total Income 1926-1939

Year Ended	Total Investment	Total Income	Permanent Investment Per $1 of Total Income
Dec. 31, 1926	$159,025,141.62	$35,481,313.38	$4.48
Dec. 31, 1927	163,901,383.91	35,193,410.03	4.67
Dec. 31, 1928	172,480,669.04	34,843,147.51	4.95
Dec. 31, 1929	175,224,091.62	34,096,623.03	5.14
Dec. 31, 1930	175,045,256.41	32,510,721.17	5.38
Dec. 31, 1931	175,553,658.23	29,855,107.30	5.88
Dec. 31, 1932	177,673,869.99	26,428,493.63	6.72
Dec. 31, 1933	176,070,985.04	24,154,373.09	7.29
Dec. 31, 1934	176,108,007.79	24,818,625.48	7.09
Dec. 31, 1935	176,252,570.57	24,926,426.46	7.07
Dec. 31, 1936	178,795,311.81	26,096,155.47	6.85
Dec. 31, 1937	179,031,418.87	25,939,777.15	6.90
Dec. 31, 1938	179,195,225.82	25,383,333.23	7.06
Dec. 31, 1939	179,305,731.53	25,710,948.40	6.97

The permanent investment represents the actual money expended for property operated, owned and leased, including subways, tunnels and rapid transit lines owned by the City of Boston and Commonwealth of Massachusetts.

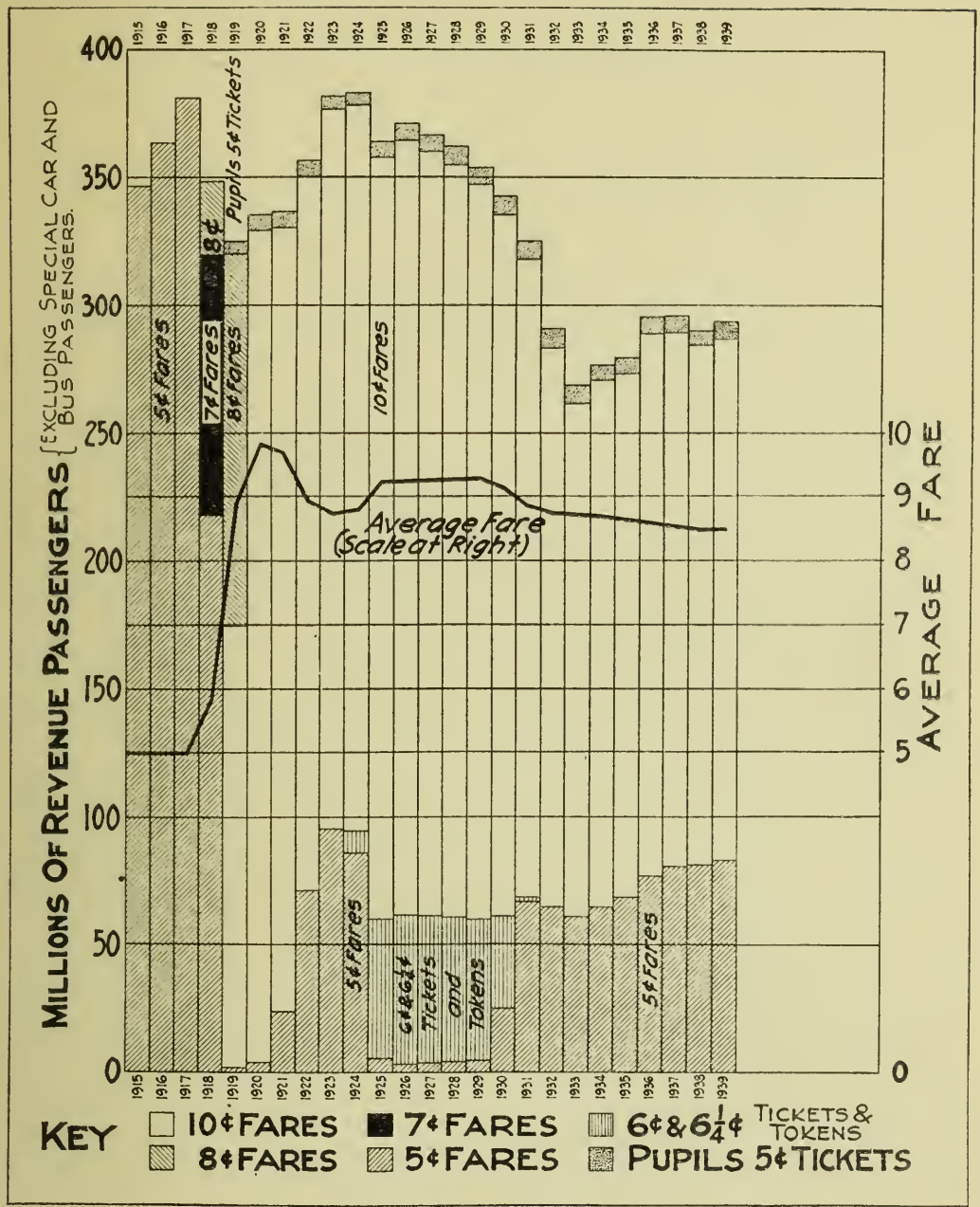
Appendix 19

Wage Adjustments with Amalgamated Association of Street and Electric Railway Employees

Arbitration Awards			Agreements Without Arbitration				Working Conditions Car & Trainmen		
Effective Date		Estimated Annual Increase Awarded	Effective Date		Estimated Annual Amount Increase	Estimated Annual Amount Decrease	Maximum Rate 2-Man Surface Cars	Maximum Platform Hours Per Day	Days Worked Per Week
May	1, 1913	$855,000.a					30½, 31¼, 32	9½	7
			May	1, 1916	$875,000.a		34, 34¾	9½	7
Mar.	1, 1918	500,000.					36¾, 37½	9½	7
June	15, 1918	3,000,000.					48	9½	7
May	1, 1919	2,400,000.					60	8¼	7
May	1, 1920	2,300,000.					70	8¼	7
			July	1, 1921		$500,000.	68, 65	8¼	7
			July	1, 1922		400,000.	63, 61	8¼	7
July	1, 1923	1,800,000.					70	8¼	7
July	1, 1924	500,000.					72½	8¼	7
July	1, 1925	45,000.b					72½	8¼	7
			July	1, 1926	75,000.c		72½	8¼	7
			July	1, 1927	300,000.		75	8¼	6
			July	1, 1928	125,000.d		75	8¼	6
			July	1, 1929	133,000.e		75	8¼	6
			July	1, 1931	None	None	75	8¼	6
			July	1, 1932		800,000.	68½	8¼	6
July	1, 1933	237,000.					71	8¼	6
			July	1, 1934	141,500.		71, 72, 72½, 73½	8¼	6
			July	1, 1935	184,950.		73½, 75	8¼	6
			July	1, 1936	7,500.f		75	8¼	6
			July	1, 1937	348,332.		78	8¼	6
			July	1, 1938	None	None	78	8¼	6
			July	1, 1939	None	None	78	8¼	6

Notes:
- a Does not include cost of betterment in working conditions.
- b One-man car rate differential increased from 8c to 10c per hour.
- c Increases granted certain miscellaneous employees.
- d One week vacation, effective in 1929.
- e Ten days' vacation effective in 1930, and two weeks' vacation effective in 1931.
- f Eight hours' pay for holidays, if called.

Appendix 20



DATA OF FARES COLLECTED, 1915-1939

Buck Printing Co., Boston, Mass.



TWENTY-SECOND

ANNUAL REPORT

OF THE

Board of Public Trustees

OF THE

BOSTON ELEVATED RAILWAY COMPANY

YEAR ENDED DECEMBER 31, 1940



TWENTY-SECOND

ANNUAL REPORT

OF THE

Board of Public Trustees

OF THE

BOSTON ELEVATED RAILWAY COMPANY

YEAR ENDED DECEMBER 31, 1940

★

BOARD OF PUBLIC TRUSTEES

(Appointed by the Governor of Massachusetts pursuant to Chapter 159 of the Special Acts of 1918)

EDWARD E. WHITING, *Chairman*

ERNEST A. JOHNSON
WILLIAM P. JOY
HENRY J. SMITH, *Secretary*
PATRICK J. WELSH

OFFICERS

(Appointed by the Trustees)

EDWARD DANA	*President and General Manager*
JOHN H. MORAN	*Vice-President and Treasurer*
MICHAEL H. CULLEN	*General Auditor*
WILLIS B. DOWNEY	*General Counsel*
MAURICE P. SPILLANE	*General Claims Attorney*

★

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The 1940 Annual Report of the Board of Public Trustees of the Boston Elevated Railway Company

IN this, the twenty-second annual report of the public trustees of the Boston Elevated Railway to the Legislature of Massachusetts, we have tried to present a more complete picture than ever before of the railway, of its operations, of its function and of its place in the community which it serves. We have done this in order to help the readers of our report understand the facts about a railway which is so closely connected with the public at large and with the 14 cities and towns composing the area served. An exact and impartial appraisal of any agency of local transportation, public or private, can come only through knowledge.

In the calendar year 1940 the net result from operations was somewhat better than for 1939, the excess of cost of service over receipts for the period having been reduced by $142,615.43.

This improved result was reached through the operation of several favorable factors. The adjustment, on November 1, 1939, of the length of certain local five-cent rides. The increased railway receipts by reason of the discontinuance of service by the Boston, Revere Beach & Lynn Railroad. The American Legion Convention last September. Better business conditions, especially toward the latter part of the year, reflected in a higher level of riding during the Christmas shopping season.

In this connection, two bright spots of the year occurred by reason of the receipts of two days: first, receipts of $128,630 on the day before the American Legion Parade Day, the highest receipts of any day since the American Legion Parade Day of 10 years earlier; and, second, receipts of $97,216 on Monday, December 23, the largest regular day's business since May, 1931.

After more than 50 years, local public transportation still performs the main task of moving the people in a great metropolitan area.



THEY CAME BY "EL" TO SEE THE AMERICAN LEGION PARADE

THE "EL" AND THE COMMUNITIES IT SERVES

Rarely does any one take time to consider what the "El" means to the residents of the 14 cities and towns which it serves directly and to the residents of those municipalities who, although not directly served by the "El," depend, nevertheless, upon Elevated service reached by independent feeder lines. A mere statement of the size of the area served directly and of the population within this area (114 square miles and 1,400,838 population) does not reveal the day by day performance of this railway system, the job of moving large numbers, amongst them many automobile owners, to and from the most important trading, industrial and social centre in New England.

Historically, what has the Elevated contributed to this large metropolitan community?

The three major phases of public transportation may be described as follows:

The period, up to the middle 1880's, when several horse car railroads operated in a relatively small area. The period of consolidation, electrification and growth in the last 15 years of the 19th century. The period of further expansion and of the construction of rapid transit facilities; the latter beginning just prior to the turn of the last

century and continuing up to the present with the expected opening on Sunday, February 16, 1941 of the new Huntington avenue subway.

Throughout the long span of years covered by these changes the railway facilities and the cities and towns grew together in size, importance and vitality. Travel time between the outlying points and central Boston was cut with each new improvement. And with the shortening of the all important element of time consumed, people could live farther and yet farther away and still work and do business in central Boston.

In a word, the railway system made possible this large metropolitan community.

Today, what does the railway system mean to the area which it serves?

Up to 1926, in spite of the automobile which came into being a quarter of a century earlier, the railway system showed a constant increase in popular use as measured by the number of passengers which it carried. For several years subsequent there was a slight drop in railway riding, indicating that the number and use of automobiles had cut into the increase in railway riding normally to be expected from the growth in population and community activity. Then came the depression. Comparing 1929 with the low year 1933, the railway system lost more than 86 million passengers on an annual basis. Since, there has been a recovery of 26 million passengers or nearly one-third, a sizeable gain, but not enough.

Nevertheless, the railway, carrying approximately 300,000,000 revenue passengers annually, is still the vital arterial system of the large business, industrial and social centre which it so greatly helped to create.

DECENTRALIZATION AND ITS EFFECTS

Why hasn't the riding of the railway system returned to its pre-depression level?

Undoubtedly, the continued and accentuated competition of the automobile has had much to do with the failure of the rebound to

reach the levels of 1929 and earlier. Another factor, however, has been introduced and it is one of serious implications unless checked. We refer to a process called "decentralization" which has been at work during the last two decades with particularly harmful effects during the last one. Large cities and metropolitan areas throughout the nation have experienced a loss of population, a diminishing of activities, and a shrinkage of values in their central areas. These central areas suffered, first, from the shock of curtailed business activities in the depression, and, second, from the effects of increased traffic congestion. The difficulties of entering, moving within, and leaving these central areas had made them less desirable for commercial, industrial and social purposes. Generally, the combined factors of congestion and decentralization have affected what has been the most valuable property with the highest tax return.

In central Boston, for example, many buildings have been torn down because they could no longer be profitably used. During the last ten years alone, buildings occupying thousands of square feet of land have been razed. Much of the land on which these buildings formerly stood is now used for outdoor parking of automobiles, a utilization of a single level, the ground, instead of multilevels of floor space. From 1936 to 1939, there was an increase of from 1,029,918 square feet to 1,461,446 square feet in the land licensed for open air parking areas north of Massachusetts avenue.

The interest of the trustees of this railway system in the processes of decentralization should be clear. The railway was built over the years to transport thousands daily to and from the central business district of Boston. Its rapid transit lines converge toward and through this centre. The life of the railway depends upon the vigor of the central area. Any long continued process which hurts this centre hurts the railway.

As an indication of what has happened in Boston during the last ten years, partly due to the effects of decentralization, may we cite the reduction in real estate valuation in Boston of from $1,827,460,600 in 1930 to $1,362,131,500 in 1940, a reduction of $465,329,100, or more

than 25 per cent. Where thousands of potential and actual users of the "El" were formerly employed in office and factory buildings, there is now vacant land or land used for the parking of automobiles. That use of land is, in itself, a new element of competition. And, in spite of this use of land, or, should we say, because of it, the volume of traffic in the streets of central Boston is greater than ever before. No way has yet been found to move traffic efficiently and quickly through the streets. Greater and greater congestion leads to more and more decentralization. What is visible evidence of this process? Sizeable and important shopping and business centres have grown up on the outskirts of Boston. Although this development may be considered as normal and healthy and desirable from the viewpoint of each community itself, provided each does not choke up from traffic congestion, nevertheless, central Boston must not be allowed to die of slow strangulation. Too much is at stake. In our opinion, the outstanding community problem to be solved is how traffic shall be moved expeditiously through the streets of central Boston. The trustees' interest in freeing the arteries of traffic arises from a natural concern in the well-being and prosperity of the keystone city in the district which the "El" serves. A busy central Boston whose affairs can be conducted efficiently, easily, and with as little wasted time and effort as possible spells a busy railway operating at or near that limit of capacity for which it was built.

Few persons realize the extreme sensitivity of the "El" as a barometer of conditions within the community. For example, during the month just ended, January, there has been considerably more than the usual amount of illness for this time of year. Consequently, riding on the "El" fell off markedly. Likewise, over a longer period, the level of riding on the "El" has been reduced by a decline in business activity in central Boston, a decline caused, in part, by traffic congestion.

In solving this traffic problem, everybody is concerned. Utilization must be made of the best methods of traffic control. The interests of the great majority must be made paramount. All day users of the streets for parking must be eliminated. Street space must be

used for the movement of traffic, not for its stoppage. In the interests of efficiency, greater use should be made of the railway system, especially of its rapid transit lines.

As a contribution to a more general public understanding of the evils of traffic congestion, the railway will show during 1941 a film, in color and sound, called "People Come First" which was prepared under the auspices of the American Transit Association, the national organization of local transportation agencies. This film depicts the development of the modern American city, shows how its growth is being retarded by traffic congestion and suggests some measures to cure the difficulties.

A realistic approach to the solution of the traffic problem, and, from the viewpoint of the railway, to its related problem of automobile competition, has already been made by the trustees. Of recent years, the railway has made use of vacant land adjacent or close to rapid transit facilities for the free parking of automobiles of "El" patrons. A new parking area on Alford street, near the Sullivan square station, with a capacity of 200 automobiles, was opened on November 6, 1940. Recently, the railway acquired land on River

FREE AUTOMOBILE PARKING AREA FOR "EL" PATRONS
ADJACENT TO MATTAPAN STATION



street, near Mattapan station, which will be used to widen the busway, an improvement needed for some time, and to enlarge the parking area from a capacity of 120 automobiles to 375 automobiles, an additional capacity which will be available soon for "El" riders. On December 30, 1940 the railway also acquired on Cambridge and First streets, East Cambridge, opposite the Lechmere station, land which will be opened shortly to free parking for "El" patrons. This lot has a capacity of 325 automobiles.

These parking facilities are a valuable adjunct to the railway property and are helping to increase the use of a one hundred and eighty million dollar plant which has an abundance of capacity. As to existing capacity, we have only to compare the number of passengers carried on the day before the American Legion Parade Day of last year, 1,403,518, and the number carried on December 23, the busiest regular day, 1,103,033, with the average number carried on a winter weekday, 954,862, and the average number carried on a summer weekday, 764,700.

In the effort to increase the use of the railway facilities, which means trying to overcome the competition of private transportation through the co-operative use of automobiles and of the railway system, the trustees have been fully aware of the value of advertising and publicity. We have sought through the use of the recognized media of newspaper, radio, outdoor bulletins, direct mail and railway advertising facilities to bring out the real advantages of using the railway in going to and coming from the central district of Boston. We have urged the use of the "El" for special occasions, as on New Year's eve, for Christmas shopping, for parades or other events to which crowds are attracted, as the American Legion Parade, horse racing, football and baseball games, for Summer recreational riding to nearby beaches and parks, and for riding during the Winter months when automobile driving conditions are least favorable.

In one way or another the idea "Park Where the 'El' Begins" has been spread. Parking areas near rapid transit facilities are well patronized. This intelligent co-ordination of private automobile and

public transit facility we propose to encourage as far as we are able. Not only will it increase the use of the railway but it accomplishes another desirable end: the reduction of traffic congestion within the central business district of Boston by keeping out of Boston the automobiles of many all-day parkers.

In this connection, we would like to advance the suggestion that the City of Boston and perhaps other communities served by the rapid transit lines might well consider the advantages of converting into free parking areas any large areas of vacant land near rapid transit stations to which land the municipality holds or may obtain title. Such use of vacant land would be of two fold benefit to the district: removal from the streets for many hours of standing automobiles and reduction of the railway deficit through increased revenues.

GOING TO THE PEOPLE

From time to time during the last two years the railway has gone to the people by means of direct mailings to obtain the public's reaction to certain changes or aspects of the railway's service in order to get first hand information at the sources, and also in order to publicize certain features of the railway's services.

The information sought covered such diverse subjects as the new Presidents' Conference Car, the trackless trolley, and the service rendered in certain sections.

Letters were sent to groups of from one thousand to twelve thousand persons. The response to these mailings was highly gratifying, disclosing in the main an appreciation of the railway's services, an understanding of the difficulties, and a fine spirit of co-operation in advancing suggestions and criticisms. From the information gathered and the comments furnished we have obtained a good cross-section of the opinions of our riders which is a valuable guide in formulating policies and in making changes. Moreover, we have been able, by means of this direct contact with our riders, to bring home to them many of the telling points with respect to the use of the "El" for everyday transportation.

"THE COST OF THE SERVICE"

The expenses of the railway which determine the results of operation under the public control act are called "the cost of the service," and this cost of the service may be divided into two general classes of charges: the operating expenses and the fixed charges.

For 1940, the total cost of the service increased $589,734.12 and revenues increased $732,349.55, resulting in the reduction of $142,615.43 in the deficit for the 1940 calendar year, to which reference was made at the opening of this report.

OPERATING EXPENSES

Operating expenses may be generally defined as those expenses incurred for the operation and maintenance of the railway. They may be grouped under five headings, namely: wages, materials and other items, depreciation, injuries and damages, and fuel.

Of the increase in total cost of service mentioned above, $569,450.97 was the increase in operating expenses and was caused by various factors of which the more important were: The expenses for wages and materials arising from the St. Valentine's Day snow storm. The operating expense of an extra day in 1940 as compared with the prior year. The cost of operating extra service in connection with the American Legion Convention. An increase in the cost of certain materials, including coal. An addition to the charge for injuries and damages to provide a sufficient reserve for the settlement of outstanding claims and suits and for payment of court judgments. An adjustment in the charge for depreciation of property and for obsolescence and losses in respect to property sold, destroyed, or abandoned, such adjustment arising primarily from the substitution of new property subject to depreciation for property which had been fully depreciated or retired.

FIXED CHARGES

The fixed charges are relatively inflexible with little if any relationship to the amount or character of the service furnished.

To find out the relation of fixed charges to net results of operations, we had a study made recently of the results of operation for 1939 of several of the larger transportation systems in the United States. This study disclosed the fundamental relationship that exists between fixed charges and a deficit from operations. Wherever the percentage of revenue needed to meet fixed charges was high, deficits invariably followed. In general, the higher the percentage of income needed for fixed charges, the greater was the deficit per revenue passenger.

On the Elevated there have been deficits from operations because of the lower level of riding and because of the heavy weight of fixed charges which must be paid regardless of the number of passengers carried. Last year 37 cents of every dollar of Elevated revenue was consumed by these fixed charges, over which we have no direct control.

The nature of the fixed charges is fairly well defined by the headings under which they are divided: interest, subway and rapid transit rentals, taxes, dividends and rent of leased road.

Interest

In 1940, this charge amounted to $3,952,485.02. Of this amount, $3,143,285.02 was paid to the Boston Metropolitan District for interest on Elevated bonds held by the District. The District used $1,770,165.02 of this interest payment to retire the principal of bonds issued by it to provide funds for the purchase of Elevated bonds and $1,373,120 to pay interest on its own outstanding bonds. The balance of the total interest charge, $809,200, was the interest paid on the railway bonds held by the general public.

Subway and Rapid Transit Rentals

In 1940, the railway accrued $2,828,570.46 in the cost of service for subway and rapid transit rentals payable to the City of Boston and to the Commonwealth of Massachusetts. The railway payments in the calendar year amounted to $2,827,035.44. Of this amount, $2,284,126.25 was used to pay interest on the bonds issued by the Commonwealth and the City in order to provide for these facilities, and $542,909.19 was made available for the retirement of the principal of these bonds.

Note should be made that $2,313,074.21 of the above payments for interest and for subway and rapid transit rentals was made available for the retirement of public debt, which sum amounted to practically 90 per cent. of the operating deficit for 1940. This amount was divided as follows:

Boston Metropolitan District	
a/c retiring District bonds	**$1,770,165.02**
City of Boston	
a/c retiring subway and rapid transit debt	**455,299.19**
Commonwealth of Massachusetts	
a/c retiring Cambridge Subway debt	**87,610.00**
Total	**$2,313,074.21**

Taxes

The next largest fixed charge against cost of service was incurred for taxes. In 1940 taxes totalled $1,657,498.21 of which $825,781.97 was for real estate and personal property taxes paid to the various municipalities in the area served. Social Security taxes for old age retirement and unemployment insurance accounted for $522,730.05. State and Federal gasoline and motor vehicle taxes were $271,276.84. Miscellaneous taxes made up the balance of $37,709.35.

Dividends

This amount is a fixed charge of $1,193,970 annually which the trustees must pay under the public control act. The requirement to pay dividends was one of the terms in the public control act under which the owners turned over the entire management and operation of the company and its property to public trustees appointed by the Governor.

Rent of Leased Roads

In 1940 the railway paid a total of $45,607.07 for the rental of surface car lines in West Roxbury and in the Middlesex Fells Reservation which are owned by the Eastern Massachusetts Street Railway Company and of lines in Hyde Park which are owned by the City of Boston.

PURCHASE OF "EL" REFUNDING BONDS BY THE BOSTON METROPOLITAN DISTRICT

The fixed charges totalled $9,678,130.76 for 1940. Of this amount, the largest charge, $3,952,485.02, was for interest payments on bonds. Clearly everything that can be done to keep this charge as low as possible should be done. It is opportune to point out what the Legislature has done in the past and may do in the future to save the money of the taxpayers in the Boston Metropolitan District, a district composed of the 14 cities and towns served by the "El."

In 1933 the Legislature initiated, and by a succession of Acts passed in 1934, 1935, 1936 and 1937 has continued, the policy of authorizing the Boston Metropolitan District to issue bonds for the purpose of purchasing refunding bonds of the Boston Elevated Railway.

This policy was adopted because Boston Metropolitan District bonds could be sold at so much lower interest rates than bonds of the Elevated.

The last issue of Elevated bonds sold to the general public (since refunded through issue of District bonds) was for a term of twenty-five years and paid a net interest rate of approximately 7 per cent. The average net interest rates on twenty-five year serial District bonds issued to purchase Elevated refunding bonds were from 2 1/3 per cent. to slightly more than 3 per cent. This wide difference indicates the extent of the savings made possible by refinancing through the District. A table of District bonds issued for refunding purposes, showing the dates, amounts, terms, rates of interest and net yield is to be found on page 19.

The statutes passed since 1933 have all provided that the Elevated should pay the District two per cent. more in interest than the interest paid by the District on its own bonds. This difference in interest is used to retire the District bonds as they mature. As a result, over two thirds of the District bonds issued to acquire Elevated refunding bonds will have been paid off at maturity.

From this use of the District's credit, two distinct advantages have followed: (1) Substantial savings have been made in the railway's cost of service and consequently the deficits paid by the taxpayers have been substantially lower than they would have been otherwise. (2) From the interest paid by the Elevated, the District has been enabled to pay off gradually a large portion of its own bonds while retaining Elevated bonds outstanding in the full amount.

The District now holds $59,744,917 of the $76,200,917 principal amount of Elevated bonds outstanding. Of this $59,744,917 of Elevated bonds held by the District, $23,430,917 were issued to retire the preferred stock under the 1931 Public Control Extension Act, $1,500,000 were issued to acquire the Chelsea Division of the Eastern Massachusetts Street Railway Company under chapter 299 of the Acts of 1932, and the balance of $34,814,000 were issued to refund Elevated bonds maturing or called for payment since 1933.

Of the District bonds issued to acquire these Elevated bonds, there will have been retired out of Elevated interest payments $8,443,000 as of December 31, 1940, $10,241,000 as of

December 31, 1941, $22,013,000 as of December 31, 1947 and an amount of $50,646,000 as of the last maturity of outstanding District bonds in 1962.

The trustees feel that the rapid rate at which District bonds are being retired places too great a burden on the present-day taxpayers and car riders as compared with those of the future. During the year ending March 31, 1940, Elevated interest payments to the District totalled $3,143,285.02 of which $1,743,862.52, or about 64% of the deficit for that period, was used to retire outstanding District bonds. Accordingly, with respect to future refinancing through the District, we recommend that the 2% excess interest paid annually by the railway to the District be reduced to 1%.

With respect to the rate of retirement of public debt incurred for transportation purposes, it should be noted that for retirement of Commonwealth and City of Boston subway bonds the Elevated is required to pay annually as part of its rentals an average of less than 1% of the principal amount of such bonds.

There are $16,456,000 principal amount of Elevated bonds not held by the District which will mature between now and September 1, 1947, as follows: $5,000,000 on November 1, 1941, $8,286,000 on December 1, 1942, $2,600,000 on March 1, 1944 and $570,000 on September 1, 1947. We recommend the passage of legislation authorizing with reference to these bonds the same method of refinancing which was instituted by the Legislature in 1933 and has since been continued whereby the Boston Metropolitan District is authorized to issue its bonds for the purpose of purchasing the refunding bonds of the Elevated.

Stated briefly, this is what has been done during the last seven years with respect to Elevated refunding bonds:

From time to time in that period various amounts of "El" bonds became due and payable. Had the trustees attempted to issue new bonds directly to the investing public in order to pay off these obligations, the rate of interest on the new bonds would have been excessive. In the interest of the taxpayers, the Legislature authorized the Boston Metropolitan District to issue its bonds in order to buy Elevated refunding bonds and thus provided the money to pay off matur-

TABLE OF BOSTON METROPOLITAN DISTRICT BONDS ISSUED FOR REFUNDING PURPOSES

Date of Issue	Amount	Term	Interest Rate (Per Cent.)	Price Sold	Net Yield (Per Cent.)
June 1, 1933[1]	$3,000,000	3 year	3½	$99.31	3.75
Mar. 1, 1934[2]	2,098,000	3 year	3	99.307	3.25
Aug. 1, 1934	1,581,000	15-yr. serial	2½	95.086	3.00
Jan. 1, 1935	6,309,000	25-yr. serial	3	97.79	3.19
Mar. 1, 1935	8,500,000	25-yr. serial	3	100.819	2.92
Dec. 15, 1935	7,711,000	25-yr. serial	2½	97.585	2.72
June 1, 1936	3,815,000	25-yr. serial	2½	99.05	2.58
Jan. 1, 1937	2,098,000	25-yr. serial	2¼	99.352	2.31
Oct. 1, 1937	4,800,000	25-yr. serial	2¾	97.9079	2.94

[1] Refunded on June 1, 1936, by the District under chapter 451, Acts of 1935.

[2] Refunded on Jan. 1, 1937, by the District under chapter 308, Acts of 1936.

ing Elevated bonds. The interest which the Elevated pays on bonds which the District bought is sufficient to take care of the interest on the District bonds and also includes an additional two per cent. which is used by the District to retire its serial bonds annually as they become due.

The net effect of this process has been to make substantial savings for the taxpayers in the 14 cities and towns comprising the Boston Metropolitan District, since these are the taxpayers who pay any deficit from the railway's operations. While the taxpayers of the District have been saving money, and will continue to do so, through a reduction in the railway's cost of service, the indebtedness that the District incurred to buy Elevated bonds is also being paid off at a rapid rate. In fact, we believe that the rate of retirement is too rapid, and, in the interest of present day taxpayers, should be made slower by reducing from two per cent. to one per cent. the excess interest payment by the "El" on future refunding bond issues that may be acquired by the District.

EMPLOYEES

"MERIT PLAN" OF EMPLOYEE SELECTION

The average number of employees on the weekly payroll in 1940 was 6,192 as compared with 6,190 for the prior year.

Vacancies, of which there are few, in the transportation department are being filled from a list established late in 1939 following written, oral and physical examinations and credit for education and experience, all together composing what we call a "merit plan" of employee selection.

From this list in order of ranking have been employed from December 15, 1939 to the end of last year 127 men who are now working as operators of cars, buses and trackless trolleys. These men filled vacancies caused by deaths, pensions, resignations and dismissals. Among the letters of commendation received from riders as to the appearance, courtesy and operating methods of the blue uniformed force, the new men are well represented.

The "merit plan" of employee selection to fill vacancies was extended in 1940 to include the employment of car cleaners in the department of rolling stock and shops. From this group, promotions to the position of carhouse repairman are made upon the basis of performance and length of service.

LEAVE OF ABSENCE FOR MILITARY OR NAVAL SERVICE

By vote of the trustees, effective as of July 24, 1940, any person in the employ of the railway who is granted a leave of absence for compulsory or voluntary service in the uniformed military or naval forces of the United States shall be entitled to his rating, so far as the railway is concerned, if he reports for duty within 40 days from the date he is released from such service.

BRADY SAFETY AWARD

For the first time since 1935 the railway is again eligible to compete for the Anthony N. Brady Safety Medal, an award made annually to the local transportation system in the United States and Canada with the best record for "high achievement in the promotion of safety." For five years the railway was barred from this competition

FIVE BRADY SAFETY MEDALS WON BY "EL"



because of the large number of awards, five in number, that the Elevated had won.

The management and the employees are exerting every effort, and will continue to do so throughout the year, to merit the award of the medal on the basis of the safety record for 1941.

EQUIPMENT, PLANT AND SERVICE CHANGES

NEW CARS

We are pleased to announce the purchase of 20 new cars known in the industry as the "Presidents' Conference Committee Car" by virtue of having been designed and developed under the direction of a committee composed of street railway executives.

These cars are of light weight, streamlined in appearance, comfortable, fast, smooth in starting and stopping, practically noiseless in operation, and with improved ventilating, heating and lighting equipment.



INTERIOR VIEW, NEW "P.C.C." CAR

Delivery of the first of these 20 new cars is expected in February and the remainder soon thereafter. These cars are to be placed in service on the Newton-Brighton-Watertown line operating between Watertown station near Watertown square and Park street subway station, via Galen, Tremont, Washington and Cambridge streets and Brighton and Commonwealth avenues and the Boylston and Tremont street subways. The 20 cars will be enough to take care of all the service on this line during the normal hours of travel and will accommodate one-half of the rush-hour riding. This line was chosen for the operation of the new cars because it is the most heavily traveled line with single cars through the subway. Minor changes were made in the design of the car to adapt it for subway service.

Before deciding to purchase these 20 cars the railway experimented for several years with a single car of this type which was placed in service on July 24, 1937 on the Charles River line. From more than 500 answers to a questionnaire sent out to residents in the district served by the line, the overwhelming popularity of the car was clearly manifested. The performance of this car has been excellent both from the viewpoints of operating and maintenance costs.

These 20 new cars will replace a like number of heavy type cars which are 30 years old.

HUNTINGTON AVENUE SUBWAY

The new Huntington avenue subway, built by the Transit Department of the City of Boston, is expected to be opened to the public on Sunday, February 16, 1941.

Measured in terms of minutes saved per day by the rider, this latest improvement in Boston's transportation system means a saving in time of at least 10 minutes during normal hours and of twice that much time during hours of congested street traffic conditions. Stated in terms of the number of present riders to be benefited by this improvement of the Huntington avenue service, this saving in time over a year is estimated at more than 950,000 hours, or practically 40,000 days, or almost three entire days out of a year for each regular round-trip rider.

The new subway, which was begun on September 18, 1937, extends from Boylston street, under Exeter street and Huntington avenue to Opera Place, and is 4,316 feet in length. There are two stations, Mechanics, opposite the building of the same name, and, Symphony, at the intersection of Huntington and Massachusetts avenues.

The subway is built with separate tubes for each track. Up to Norway street the tubes are parallel and are separated only by a wall between them. Beginning at about Norway street the two tubes are farther apart in order to allow an automobile underpass to be built to take the street traffic on Huntington avenue under Massachusetts avenue. When these two tubes reach Gainsborough street they are again parallel and close together with only a center wall between them.

At the junction of the Huntington avenue subway with the Boylston street subway, suitable signal and interlocking apparatus has been installed to control the operation of the cars in the Huntington avenue subway and in the Boylston street subway, so that this operation can be made safely and expeditiously.

Acting under contract with the Transit Department, the railway constructed the tracks and special work, installed the overhead trolley and the signal and interlocking system, the lighting and miscellaneous electric apparatus, and the station equipment.

MECHANICS STATION, INBOUND, NEW HUNTINGTON AVENUE SUBWAY



RAMP AT DUDLEY STREET STATION

In order to provide for an easier journey between the lower and the upper levels at Dudley street station, a ramp was constructed from the lower level to the westerly northbound rapid transit platform.

There are really two ramps, both at a 15 per cent. grade. One extends from the lower level to a gallery from which there is a stairway to the second ramp which leads to the upper level. The ramps are of steel and concrete construction. More than 4,600 passengers use this ramp on weekdays.

GARAGE AT ALBANY STREET

A new garage with a capacity of 32 buses and trucks and with lobby and storeroom facilities is now under construction with entrances to it from either Harrison avenue or Albany street. This garage is being built on part of the land upon which was located the old Albany street shop and office building of the department of rolling stock and shops and the boiler room section of the Central power station, both of which were removed after the opening in 1939 of the new shop unit at Everett.

RESERVOIR CARHOUSE

Construction of a new unit and alterations in the existing unit at this carhouse, which were begun in 1939, were completed last Summer. The changes provide for the storage, inspection and repairs of the cars operating on the Kenmore-Lechmere line, which were formerly serviced at the Bennett street carhouse.

ESCALATORS

Thorough repairs were made during the year on one escalator at Andrew station, one at State station and both escalators at Scollay under station.

LOUD SPEAKER SYSTEM AT PARK STREET STATION

At Park street station there was installed a loud speaker system that the attendant in the information booth may use in order to notify passengers on the platforms about any interruption of service, rerouting or other information relating to the service.

TRACKLESS TROLLEY LINE

The trackless trolley line operating from Everett "El" terminal to Woodlawn was extended from Woodlawn to the Revere carhouse by way of Park avenue with a loop at the Revere carhouse terminal. Service on the line as lengthened began on September 7.



TRACKLESS TROLLEY ON CROSS STREET, MALDEN

A CONTINUOUS AUDIT OF REVENUES AND EXPENDITURES

All revenue received and all disbursements made by the railway are audited by its Bureau of Audit and the methods used produce, in effect, a day-to-day or continuous audit of the railway's many activities.

As a result of rules and regulations adopted by the trustees and the system of accounts promulgated by the Interstate Commerce Commission and adopted by the State Department of Public Utilities, the accounting practices of the railway have become well established through the years and are directed toward safeguarding its revenues and expenditures. The management is provided with an effective control over costs and departmental budgets by a detailed system of records covering all phases of transportation, including the inspection and maintenance of the railway plant.

The methods of fare collection have been designed to safeguard the collection of revenues and to simplify their audit. More than sixty per cent. of the revenue from fares is deposited directly by passengers into locked boxes within automatic passimeters and into collectors' fare boxes at prepayment stations. Readings of the passimeters and fare boxes, taken under supervision, are sent directly to the Bureau of Audit. Fare revenues collected in surface cars, buses and trackless trolleys are audited by means of fare box and register readings. Other revenues are checked with provisions of contracts and other agreements.

The chief item of expense is for wages, which are paid by checks. The basic payroll cost of blue uniformed men is determined by the service schedule, which simplifies the audit of their wages. Payrolls of other employees are made up from weekly time cards, properly verified.

Payments for materials purchased, services rendered, and the like, are audited in conformity with sound accounting practices. A large part of the expenditures of the railway arises from the fixed charges and their amounts, some of them determined by law, are definite and subject to checking with public records and other sources.

Since 1912, the Department of Public Utilities or its predecessors, has made an annual detailed examination of all expenditures for additions and betterments to Road and Equipment. The requirement of reporting these expenditures in minute detail makes possible an effective check by the accounting and the engineering divisions of the Department of Public Utilities.

Included in this report are the comparative balance sheet which shows the net change in the asset and liability accounts, and the income statement which shows the results of operations for the calendar year 1940. Also appended are several statements of statistical data. Together these are a summation of the pertinent facts for this calendar year, with comparisons of other years, presented in an earnest effort to project a clear and complete analysis of the railway's operations.

In addition to the continuous audit by the Bureau of Audit, the trustees engage the services of a firm of independent public accountants who conduct an independent examination of the railway's accounts. The certificate of Lybrand, Ross Bros. & Montgomery, Independent Public Accountants, relating to the balance sheet and income statement, is contained in this report. This certificate includes their opinion as to the accounting practices of the railway, to which we refer you.

CONCLUSION

We shall continue to fit the service as closely as possible to the demand for it, to maintain the plant and the equipment at a fair and reasonable level consistent with public safety and convenience and to develop the use of the system in such ways as are open to us.

In the opinion of competent authorities, the service, the plant and the equipment of the Boston Elevated Railway rank well as compared with other local transportation systems in the nation. We do not contend for a moment that the Elevated is perfect, but we do say that with the income available and in view of the necessity of keeping the

deficit assessment down at as low a figure as possible, the services and the facilities offered to the public are as good as can reasonably be expected. We should like to furnish a more liberal service, we should like to experiment more extensively, we should like to modernize the equipment at a faster rate, but we cannot do so because there is a limit to what can be done within the reduced income from the lower level of riding and because we cannot risk adding to the deficit.

As to the extent of service, we furnished in 1940 a total revenue mileage of 45,433,001 miles in 5,940,473 round trips consuming 4,521,065 hours, transporting in all 294,450,628 revenue passengers.

Day and night the "El" is ready to serve the people of Boston and of the neighboring communities. And it does it. Occasionally there is a failure of man or equipment. And then there is a delay, as there was on November 19 from the loss of power caused by a short circuit due to the breakdown of an insulator at the South Boston power station. And that delay stands out, perhaps by contrast with the usual railway dependability.

For 1940 as a whole, the number of delays in service of 20 minutes or longer for which the railway was responsible was lower than for any year since 1916, the first year for which records of this type were kept. There were 67 such delays in 1940, which number compares favorably with 103 in 1935 and 137 in 1930.

We hope that the foregoing account of the affairs of the railway has been of some help in enabling the reader to obtain a good understanding of the problems of the railway and of their close relationship to the problems of the community at large, particularly to those of the City of Boston.

In our opinion, the future of the railway and that of the community are inseparable. As to the railway, there has been a partial recovery during the past half-dozen years. We are looking forward to and want a complete recovery. And, in our minds, that total recovery depends to a large extent upon a restoration within central Boston of that intensity of commercial, industrial and business activity which it formerly enjoyed.

Reference was made to the twin problems of decentralization and traffic congestion in the annual addresses of His Excellency the Governor of the Commonwealth of Massachusetts and of His Honor the Mayor of the City of Boston. A likemindedness on the part of public authorities as to the nature of the problem confronting this community is a distinct step toward its solution. To this end, we offer our help.

BOARD OF PUBLIC TRUSTEES,
BOSTON ELEVATED RAILWAY COMPANY

Edward Whiting, Chairman

Henry J. Smith, Secretary

Patrick J. Welch

Ernest J. Johnson

William P. Joy

January 31, 1941

FINANCIAL STATEMENTS

AND

STATISTICS

Lybrand, Ross Bros. & Montgomery

BOSTON, MASSACHUSETTS

To the Trustees of Boston Elevated Railway Company:

We have examined the balance sheet of the Boston Elevated Railway Company as of December 31, 1940, and the accompanying statements of income and of cost of service deficit for the twelve months ended December 31, 1940, have reviewed the system of internal control and the accounting procedures of the company and have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. In accordance with accepted audit prccedure, we made an examination in detail of such portion of the transactions as we deemed appropriate and no limitation as to the scope of our examination was placed upon us by the Board of Public Trustees or other officials of the company.

In our opinion, the provision for depreciation of road and equipment in the year 1940 charged to cost of service as shown in the accompanying schedule of operating expense accounts is fair and reasonable, but the amount of accrued depreciation appearing in the accompanying balance sheet is inadequate.

In our opinion, subject to the comment in the preceding paragraph, the accompanying balance sheet and related statements of income and of cost of service deficit present fairly the position of the Boston Elevated Railway Company at December 31, 1940, and the results of its operations under public control for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Boston, Massachusetts
January 27, 1941

Lybrand Ross Bros. Montgomery

GENERAL BAL

DECEMBER 31

ASSETS

	December 31	
	1940	1939
Fixed assets:		
Road and equipment:		
Way and structures	$ 61,161,572.57	$ 61,385,369.19
Equipment	30,746,971.22	31,237,257.97
Power	15,570,649.14	15,558,582.68
General and miscellaneous	1,972,733.17	1,972,733.17
Unfinished construction	146,878.90	105,613.06
Total road and equipment	$109,598,805.00	$110,259,556.07
Miscellaneous physical property	688,978.14	799,061.67
Advances for road and equipment on leased roads—Eastern Massachusetts Street Railway Company	232,455.28	233,428.26
Total fixed assets	$110,520,238.42	$111,292,046.00
Current assets:		
Cash in banks and on hand	$ 4,972,994.90	$ 2,470,064.01
Special deposits	348,673.88	347,379.13
Reconstruction Finance Corporation notes		1,007,031.25
United States Treasury bonds		400,000.00
Miscellaneous accounts and rents receivable	541,139.23	438,899.51
Material and supplies	2,049,333.41	1,931,359.56
Other current assets	39,180.00	39,230.00
Total current assets	$ 7,951,321.42	$ 6,633,963.46
Other investments—mortgage notes receivable	$ 112,000.00	$ 129,500.00
Deferred charges and unadjusted debits:		
Prepaid expenses	$ 117,623.00	$ 63,483.00
Unamortized discount on bonds	1,041,085.38	1,114,171.26
Other unadjusted debits	71,955.65	54,019.06
Total deferred charges and unadjusted debits	$ 1,230,664.03	$ 1,231,673.32
TOTAL ASSETS	$119,814,223.87	$119,287,182.78

Note: Amounts advanced by Commonwealth of Massachusetts to the Boston Elevated Railway Company for deficits in cost of service July 1, 1931 to March 31, 1940 totaled $18,604,378.29 December 31, 1940.

ANCE SHEET

940 AND 1939

LIABILITIES

	December 31 1940	December 31 1939
Funded debt (per schedule, page 46):		
Bonds held by Boston Metropolitan District	$ 59,744,917.00	$ 59,744,917.00
Bonds held by others:		
Not due within one year	11,456,000.00	16,456,000.00
Due within one year (November 1, 1941)	5,000,000.00	
Total funded debt	$ 76,200,917.00	$ 76,200,917.00
Current liabilities:		
Accounts and wages payable	$ 613,689.08	$ 561,664.13
Accrued interest, dividends and rents payable	1,365,548.26	1,367,270.97
Accrued taxes	165,690.52	168,584.42
Unredeemed tickets	52,743.92	52,108.00
Other current liabilities	41,659.56	41,129.56
Total current liabilities, exclusive of bonds due within one year shown above	$ 2,239,331.34	$ 2,190,757.08
Reserve for depreciation—road and equipment	$ 16,821,801.67	$ 16,654,629.49
Reserve for injuries and damages	$ 1,055,492.57	$ 969,779.52
Unadjusted credits:		
Unamortized premium on bonds	$ 12,480.60	$ 16,407.12
Suspense credit pending settlement of prior year taxes	438,061.70	426,664.58
Other unadjusted credits	119,212.98	111,481.67
Total unadjusted credits	$ 569,755.28	$ 554,553.37
Capital stock (per schedule, page 46):		
Common stock (238,794 shares of $100.00 par value each)	$ 23,879,400.00	$ 23,879,400.00
Premium on common stock	2,707,428.13	2,707,428.13
Total common stock and premium	$ 26,586,828.13	$ 26,586,828.13
Profit and loss and surplus accounts:		
Deficit prior to July 1, 1918	$ 12,127.83*	$ 12,127.83*
Deficit year ended June 30, 1931	1,969,473.12*	1,969,473.12*
Cost of service deficit 9 months ended December 31, 1940 or 1939	2,219,069.19*	2,429,448.88*
Surplus arising from consolidation with West End Street Railway Co. June 10, 1922 and reorganization July 1, 1931	540,768.02	540,768.02
Total profit and loss and surplus account (debit)	$ 3,659,902.12*	$ 3,879,281.81*
TOTAL LIABILITIES	$119,814,223.87	$119,287,182.78

*Denotes debit balance.

STATEMENT OF COST OF SERVICE DEFICIT

YEAR ENDED DECEMBER 31, 1940

Cost of service deficit as at January 1, 1940.....		$2,429,448.88
Operating loss for year per accompanying income statement	$2,601,674.71	
Less net credits direct to cost of service deficit not re-reflected in the income statement	87,374.53	2,514,300.18
		$4,943,749.06
Deduct amount advanced by Commonwealth of Massachusetts for deficit in cost of service at March 31, 1940		2,724,679.87
Cost of service deficit for the nine months ended December 31, 1940 per balance sheet		$2,219,069.19

INCOME STATEMENT

	Years Ended December 31	
	1940	1939
Operating Revenue:		
Passenger Revenue	$25,716,456.79	$25,003,678.34
Special Car and Special Bus Revenue	111,144.00	119,788.35
Total Revenue from Transportation	$25,827,600.79	$25,123,466.69
Station and Car Privileges	$ 473,789.07	$ 462,127.12
Rent of Buildings and Other Property	77,792.77	63,661.45
Power Sales	43,153.55	35,320.09
Other Operating Revenue	625.27	176.97
Total Revenue from Other Operations	$ 595,360.66	$ 561,285.63
Total Operating Revenue	$26,422,961.45	$25,684,752.32
Operating Expenses:		
Way and Structures	$3,105,087.84	$2,886,987.35
Equipment	3,206,573.34	3,110,983.98
Power	1,722,674.78	1,722,741.79
Conducting Transportation	8,623,510.93	8,527,222.15
Traffic	25,275.24	22,312.40
General and Miscellaneous	2,611,967.71	2,459,677.28
Transportation for Investment (Credit)	*9,632.93*	*13,919.01*
Total Operating Expenses (Including Depreciation $2,157,709.68 in 1940 and $2,074,456.22 in 1939)	$19,285,456.91	$18,716,005.94
Operating Income Before Taxes	$7,137,504.54	$6,968,746.38
Taxes Assignable to Operations:		
Federal	$ 602,218.02	$ 588,511.58
State and Municipal	1,055,280.19	1,043,675.99
Total Taxes Assignable to Operations	$1,657,498.21	$1,632,187.57
Operating Income	$5,480,006.33	$5,336,558.81
Non-Operating Income	$ 20,336.50	$ 26,196.08
Gross Income	$5,500,342.83	$5,362,754.89
Deductions from Gross Income:		
Interest on Funded Debt	$3,952,485.02	$3,952,485.02
Amortization of Discount on Funded Debt	73,085.88	73,085.88
Subway and Rapid Transit Line Rental	2,828,570.46	2,825,776.56
Dividends (Chap. 333, Acts 1931)	1,193,970.00	1,193,970.00
Rent for Leased Roads	45,607.07	45,560.49
Other Deductions	8,299.11	16,167.08
Total Deductions from Gross Income	$8,102,017.54	$8,107,045.03
Operating Loss for Year	*$2,601,674.71	*$2,744,290.14

* Debit

OPERATING EXPENSE ACCOUNTS

	Years Ended December 31	
	1940	1939
Way and Structures:		
Superintendence of Way and Structures	$ 278,357.77	$ 276,707.84
Maintenance of Track and Roadway	932,392.26	956,611.27
Removal of Snow and Ice	322,660.60	157,576.83
Tunnels and Subways	27,606.59	36,408.79
Elevated Structures and Foundations	62,965.12	63,675.83
Bridges, Trestles and Culverts	8,613.62	7,457.97
Crossings, Fences and Signs	8,372.54	5,693.28
Signals and Interlocking Apparatus	24,509.13	29.807.49
Telephone and Telegraph Lines	6,184.54	8,901.62
Other Miscellaneous Way Expenses	36,881.28	36,055.07
Maintenance of Electric Line Equipment	250,004.32	236,176.39
Maintenance of Buildings, Fixtures and Grounds	413,340.07	351,914.97
Depreciation of Way and Structures	733,200.00	720,000.00
Total Way and Structures	$3,105,087.84	$2,886,987.35
Equipment:		
Superintendence of Equipment	$ 110,874.94	$ 145,562.36
Maintenance of Revenue Equipment	1,214,766.80	1,208,819.16
Maintenance of Rail Service Equipment	25,065.86	18,937.52
Elec. Equip. Maint. of Revenue Equipment	329,203.87	295,784.56
Shop Equipment	56,560.02	54,388.15
Shop Expenses	262,562.52	264,922.20
Miscellaneous Equip. (Autos, Trucks and Tractors)	63,829.65	53,113.81
Depreciation of Equipment	546,000.00	495,000.00
Depreciation of Buses and Trackless Trolleys	597,709.68	574,456.22
Total Equipment	$3,206,573.34	$3,110,983.98
Power:		
Superintendence of Power	$ 88,207.30	$ 92,312.62
Maintenance of Power Plant Bldgs. and Equipment	145,779.35	185,870.67
Depreciation of Power Plant Bldgs. and Equipment	280,800.00	285,000.00
Operation of Power Plants	965,493.32	921,237.02
Gasoline and Fuel Oil for Buses	242,394.81	238,321.48
Total Power	$1,722,674.78	$1,722,741.79

OPERATING EXPENSE ACCOUNTS (Concluded)

	Years Ended December 31	
	1940	1939
Conducting Transportation:		
Superintendence of Transportation	$1,133,202.73	$1,115,567.27
Pass. Car. Trainmen and Bus Operators	5,014,516.81	4,970,203.51
Misc. Car and Bus Service Employes	186,027.43	183,690.70
Misc. Car and Bus Service Expenses	111,205.30	103,890.07
Station Employes	648,127.41	637,921.83
Station Expenses	204,359.22	194,276.76
Car House and Bus Garage Employes	779,403.95	771,722.66
Car House and Bus Garage Expenses	95,419.50	89,749.18
Operation of Signal and Interlocking Apparatus	228,745.23	230,960.02
Operation of Telephone and Telegraph Lines	13,815.62	13,405.38
Other Transportation Expenses	208,687.73	215,834.77
Total Conducting Transportation	$8,623,510.93	$8,527,222.15
Traffic	$ 25,275.24	$ 22,312.40
General and Miscellaneous:		
Salaries and Expenses of General Officers	$ 86,798.53	$ 86,364.24
Salaries and Expenses of General Office Clerks	404,450.61	391,043.43
General Office Supplies and Expenses	80,502.75	79,916.45
Law Expenses	33,994.73	34,162.29
Relief Expenses	30.00	120.00
Pensions and Gratuities	242,004.34	250,772.26
Miscellaneous General Expenses	97,604.26	95,213.12
Injuries and Damages	1,120,808.69	995,369.46
Insurance	145,000.03	150,476.02
Stationery and Printing	70,497.37	59,557.82
Store Expenses	218,602.23	214,410.22
Garage Expenses (Excl. Bus Garages)	97,852.43	88,404.06
Rent of Equipment	13,821.74	13,867.91
Total General and Miscellaneous	$2,611,967.71	$2,459,677.28
Transportation for Investment	†*$9,632.93*	†*$13,919.01*
Total Operating Expenses	$19,285,456.91	$18,716,005.94

†Credit

ROAD AND EQUIPMENT INVESTMENT

Way and Structures	Total Dec. 31, 1940	Total Dec. 31, 1939
Engineering and Superintendence	$1,722,072.11	$1,722,072.11
Right of Way	11,465,147.56	11,465,147.56
Other Land	5,781,262.03	5,723,361.72
Grading	314,392.48	317,191.25
Ballast	712,286.38	725,403.43
Ties	756,034.81	778,861.11
Rails, Rail Fastenings and Joints	1,599,481.52	1,688,753.86
Special Work	4,314,154.15	4,331,053.86
Track and Roadway Labor	3,969,291.91	4,033,636.20
Paving	1,296,893.88	1,342,093.71
Roadway Machinery and Tools	610,534.46	585,943.22
Tunnels and Subways	360,237.98	358,535.07
Elevated Structures and Foundations	5,549,015.53	5,549,015.53
Bridges, Trestles and Culverts	1,994,721.36	1,994,721.36
Crossings, Fences and Signs	85,720.95	85,720.95
Signals and Interlocking Apparatus	1,134,496.61	1,134,496.61
Telephone and Telegraph Lines	102,935.36	102,935.36
Poles and Fixtures	689,210.78	682,406.67
Underground Conduits	1,931,026.80	1,914,536.07
Distribution System	3,795,778.15	3,791,105.12
Shops, Car Houses and Garages	8,182,515.19	8,281,556.24
Stations, Misc. Buildings and Structures	4 562 061.37	4,544,520.98
Wharves and Docks	232,301.20	232,301.20
Total Way and Structures	$61,161,572.57	$61,385,369.19
Equipment		
Pass. Cars, Buses and Trackless Trolleys	$20,455,659.06	$20,899,714.52
Service Equipment	999,555.00	968,246.59
Electric Equip. of Cars and Trackless Trolleys	7,119,434.72	7,346,234.63
Shop Equipment	957,142.42	906,878.99
Furniture, Fare Boxes and Passimeters	281,631.68	270 935.90
Miscellaneous Equipment	933,548.34	845,247.34
Total Equipment	$30,746,971.22	$31,237,257.97
Power		
Power Plant Buildings	$3,601,316.77	$3,601,316.77
Sub Station Buildings	640,979.22	640,979.22
Power Plant Equipment	7,024,267.77	7,022,436.04
Sub Station Equipment	2,689,711.55	2,688,678.65
Transmission System	1,614,373.83	1,605,172.00
Total Power	$15,570,649.14	$15,558,582.68
General and Miscellaneous		
Law Expenditures	$250.00	$250.00
Interest during Construction	1,832,301.09	1,832,301.09
Injuries and Damages	7,500 00	7,500.00
Taxes	145,866.54	145,866.54
Miscellaneous	*13,184.46**	*13,184.46**
Total General and Miscellaneous	$1,972,733.17	$1,972,733.17
Unfinished Construction	$146,878.90	$105,613.06
Total Road and Equipment Investment	$109,598,805.00	$110,259,556.07

* Credit.

INVESTMENT IN ROAD OWNED AND LEASED DECEMBER 31, 1940

Boston Elevated Railway Company:		
Road and Equipment	$109,598,805.00	
Miscellaneous Physical Property	688,978.14	
West Roxbury Lines (E. Mass. St. Ry. Co.)	232,455.28	
Total Boston Elevated Railway Company Investment		$110,520,238.42
Leased Lines:		
Hyde Park Transportation District (City of Boston)	$245,931.51	
Eastern Mass. St. Ry. Co. (Part Leased)		
West Roxbury Lines $672,847.44		
Middlesex Fells Line 29,546.01		
Total Eastern Mass. St. Ry. Co.	702,393.45	
Total Leased Lines		948,324.96
City of Boston Investment:		
Boylston Subway	$11,531,391.46	
Cambridge Connection	1,705,393.34	
Dorchester Tunnel	12,270,947.05	
Dorchester Rapid Transit Extension	11,065,560.70	
East Boston Tunnel	7,294,918.31	
East Boston Tunnel Extension	2,347,492.16	
Tremont Subway	4,675,090.45	
Washington Tunnel	7,977,814.44	
Total City of Boston Investment		58,868,607.91
Comm. of Massachusetts Investment—		
Cambridge Subway		8,226,759.52
Total Investment in Road Owned and Leased		$178,563,930.81

RECEIPTS AND COST OF SERVICE FOR YEARS ENDED DEC. 31

Receipts	**1940**	**1939**
Revenue from Transportation	$25,827,600.79	$25,123,466.69
Revenue from Other Operations	595,360.66	561,285.63
Non-Operating Income	20,336.50	26,196.08
Total Receipts	$26,443,297.95	$25,710,948.40
Cost of Service		
Operating Expenses:		
Wages	$12,946,200.09	$12,764,185.12
Material and Other Items	2,355,747.50	2,214,457.49
Injuries and Damages	949,991.28	829,610.01
Depreciation	2,157,709.68	2,074,456.22
Fuel	875,808.36	833,297.10
Total Operating Expenses	$19,285,456.91	$18,716,005.94
Interest on Bonds	3,952,485.02	3,952,485.02
Subway and Rapid Transit Line Rental	2,828,570.46	2,825,776.56
Taxes	1,657,498.21	1,632,187.57
Dividends (Chap. 333, Acts 1931)	1,193,970.00	1,193,970.00
Rent of Leased Roads	45,607.07	45,560.49
Miscellaneous Items	81,384.99	89,252.96
Total Cost of Service	$29,044,972.66	$28,455,238.54
Loss for Year	$2,601,674.71	$2,744,290.14

NOTE: Profit and Loss items not included in above.

COMPARATIVE STATISTICS

Passenger and Traffic Statistics:	Year Ended December 31 1940	1939
Cost of Service Per Revenue Passenger....	9.86c	9.64c
Total Receipts Per Revenue Passenger....	8.98c	8.71c
Loss Per Revenue Passenger	0.88c	0.93c
Passenger Revenue	$25,827,600.79	$25,123,466.69
Round Trips Operated	5,940,473	6,012,448
Average Fare per Fare Passenger	8.76c	8.50c
% of 5c Fares to Total Rev. Passengers...	24.71%	29.97%
Revenue Passengers Per Mile Operated....	6.48	6.48
Revenue Passengers:		
10c Fares	220,753,483	205,804,629
5c Fares	63,437,046	82,238,491
6½c Joint Fares	100,209	20,640
5c Pupils' Tickets	6,325,943	6,213,354
Special Car and Special Bus.....	833,947	845,963
Total Revenue Passengers	294,450,628	295,123,077
Revenue Miles:		
Surface Lines	20,541,941	20,877,236
Bus Lines	11,626,715	11,514,941
Trackless Trolley Lines	2,203,504	2,221,853
Rapid Transit Lines	11,060,841	10,941,606
Total Revenue Miles	45,433,001	45,555,636
Revenue Hours:		
Surface Lines	2,236,464	2,277,015
Bus Lines	1,308,973	1,289,195
Trackless Trolley Lines	239,780	239,398
Rapid Transit Lines	735,848	725,364
Total Revenue Hours	4,521,065	4,530,972
Power Statistics:		
Tons of coal burned	121,214	121,434
Pounds of coal per D. C. kilowatt hour....	1.323	1.344
Average price of coal per long ton (at boilers)	$5.23	$4.90
Net cost of power for car service per kilowatt hour (cents)	0.756	0.774
Net cost of power per total car mile (cents)	4.199	4.213
Direct current annual output (kilowatt hours)	205,127,940	202,281,485

BASIC DATA FOR PERIOD OF PUBLIC CONTROL—CALENDAR YEARS

Year Ended Dec. 31	Revenue Passengers	Revenue Miles	Receipts	Operating Expenses	Fixed Charges (See Note)	Miscl. Deductions	Net Result of Operations	Average Receipts Per Rev. Pass. (Cents)	Oper. Exp. Per Rev. Pass. (Cents)	Fixed Charges Per Rev. Pass. (Cents)	Average Fare Per Fare Pass. # (Cents)
1919	324,758,685	53,721,249	$29,498,582.82	$23,700,339.41	$7,873,683.38	$306,659.91	$2,382,099.88*	9.08c	7.30c	2.42c	8.86c
1920	335,526,561	51,359,855	34,031,636.44	25,769,122.11	8,342,668.69	267,012.88	347,167.24*	10.14	7.68	2.48	9.87
1921	337,252,080	49,804,625	33,277,025.53	22,843,056.99	9,006,357.65	256,166.02	1,171,444.87	9.87	6.77	2.67	9.56
1922	356,593,942	50,707,740	32,699,176.37	22,088,458.75	9,073,591.28	124,937.26	1,412,189.08	9.17	6.19	2.54	8.93
1923	382,149,697	54,156,064	34,096,813.26	24,130,253.41	9,189,868.68	97,059.61	679,631.56	8.92	6.31	2.40	8.71
1924	382,888,848	56,091,347	34,175,319.61	25,222,133.56	9,355,944.91	233,937.54	636,696.40*	8.93	6.59	2.44	8.73
1925	365,036,286	55,558,126	34,547,379.61	24,405,735.57	9,462,371.51	177,078.68	502,193.85	9.46	6.69	2.59	9.25
1926	371,218,401	57,943,381	35,481,313.38	26,076,268.11	9,713,154.75	174,639.64	482,749.12*	9.56	7.02	2.61	9.26
1927	366,938,908	56,834,029	35,193,410.03	25,132,332.81	9,705,521.39	132,740.34	222,815.49	9.59	6.85	2.64	9.26
1928	362,005,033	57,481,292	34,843,147.51	24,900,188.69	9,719,134.04	183,773.76	40,051.02	9.63	6.88	2.68	9.28
1929	354,214,990	56,684,985	34,096,623.03	24,024,747.23	9,871,709.99	106,093.17	94,072.64	9.63	6.78	2.78	9.28
1930	342,694,905	56,061,843	32,510,721.17	23,527,974.68	10,048,505.49	68,879.81	1,134,638.81*	9.49	6.87	2.93	9.16
1931	324,788,577	53,553,889	29,855,107.30	22,250,748.25	9,428,547.27	80,757.13	1,904,945.35*	9.19	6.85	2.90	8.87
1932	291,753,825	51,195,761	26,428,493.63	19,542,428.16	9,322,878.62	132,632.30	2,569,445.45*	9.06	6.70	3.19	8.79
1933	267,845,429	46,141,119	24,154,373.09	16,829,647.05	9,461,842.77	110,813.53	2,247,930.26*	9.02	6.28	3.53	8.76
1934	277,034,175	45,822,648	24,818,625.48	16,895,090.49	9,310,234.87	77,789.87	1,464,489.75*	8.96	6.10	3.36	8.72
1935	280,402,526	46,033,344	24,926,426.46	17,665,412.59	9,387,071.91	103,193.19	2,229,251.23*	8.89	6.30	3.35	8.67
1936	296,180,666	46,492,077	26,096,155.47	18,410,341.99	9,488,166.08	95,116.41	1,897,469.01*	8.81	6.22	3.20	8.59
1937	296,397,493	46,796,328	25,939,777.15	18,710,803.85	9,670,191.13	84,806.36	2,526,024.19*	8.75	6.31	3.26	8.54
1938	291,175,017	45,799,029	25,383,333.23	18,799,286.39	9,641,109.24	83,623.54	3,140,685.94*	8.72	6.46	3.31	8.49
1939	295,123,077	45,555,636	25,710,948.40	18,716,005.94	9,649,979.64	89,252.96	2,744,290.14*	8.71	6.34	3.27	8.50
1940	294,450,628	45,433,001	26,443,297.95	19,285,456.91	9,678,130.76	81,384.99	2,601,674.71*	8.98	6.55	3.29	8.76

*Denotes excess cost of service over receipts.
#Excluding Special Car and Special Bus service.
Note:—Fixed charges include subway rentals, rent of leased roads, taxes, dividends and interest on bonds.

BASIC DATA FOR PERIOD OF PUBLIC CONTROL—TRUSTEE YEARS

Year Ended June 30	Revenue Passengers	Revenue Miles	Receipts	Operating Expenses	Fixed Charges (See Note)	Miscellaneous Deductions	Result of Operations (*For Losses)	Net Adj. Result of Operations Incl. Profit and Loss Items (*For Losses Assessed)
1919	331,348,124	53,569,606	$25,225,575.63	$22,362,171.97	$7,560,212.67	$716,611.21	$5,413,420.22*	$5,415,500.13§
1920	324,192,374	51,865,314	32,671,515.53	24,348,226.45	8,029,594.14	311,304.81	17,609.87*	17,079.95
1921	337,381,994	51,048,015	34,200,286.06	25,102,902.39	8,744,033.15	245,304.75	108,045.77	550,253.52
1922	345,545,009	49,774,298	32,698,965.01	22,113,783.76	9,086,894.45	195.603.45	1,302,683.35	1,385,211.44
1923	373,689,603	52,085,801	33,612,335.20	22,906,489.22	9,183,967.83	93,088.85	1,428,789.30	1,114,557.82
1924	386,263,158	56,068,563	34,262,009.46	25,009,657.54	9,233,372.93	163,181.43	144,202.44*	0.00
1925	370,729,801	55,670,491	34,198,250.91	24,606,418.26	9,412,380.77	210,735.98	31,284.10*	20,581.33
1926	368,932,079	56,552,827	35,087,845.89	25,306,433.69	9,622,903.89	168,562,92	10,054.61*	22,304.46
1927	371,893,575	57,970,731	35,618,066.06	25,834,928.57	9,720,918.98	138,818.02	76,599.51*	60,660.25
1928	363,576,565	57,188,342	35,009,933.28	24,937,185.81	9,674,559.56	169,170.88	229,017.03	895.518.01
1929	356,507,228	57,253,904	34,312,806.18	24,473,329.19	9,857,650.77	161,979.55	180,153.33*	0.00
1930	349,441,431	56,276,807	33,597,154.90	23,707,378.01	9,868,002.52	72,752.68	50,978.31*	0.00
1931	336,693,586	55,015,807	31,202,319.98	22,992,883.56	10,106,115.81	69,009.97	1,965,689.36*	1,969,473.12†
1932	310,919,428	52,806,825	28,376,280.28	21,386,862.60	9,001,671.68	108,548.38	2,120,802.38*	1,775,338.80*
1933	272,448,444	47,887,434	24,632,326.42	17,671,635.53	9 536,605.55	144,336.60	2,720,251.26*	2,753,124.14*
1934	275,723,393	46,015,449	24,753,158.12	16,896,758.04	9,369,839.17	76,121.66	1,589,560.75*	1,551,631.97*
March 31								
1935‡	207,065,714	34,144,810	18,500,541.01	12,888,265.26	6 935,419.91	67,126.55	1,390,270.71*	1,396,388.83*
1936	282,989,838	46,233,477	25,086,709.97	17,854,394.81	9,387,995.81	102,450.51	2,258,131.16*	2,086,202.37*
1937	296,335,489	46,563,392	26,073,097.59	18,280,433.47	9 552,026.07	89,354.29	1,848,716.24*	1,799,357.27*
1938	294,812,459	46,618,447	25,754,063.58	19,047,324.27	9,655,503.46	84,053.48	3,032,817.63*	1,674,823.31*
1939	292,388,134	45,472,768	25,466,415.26	18,605,453.29	9,653,453.71	90,045.33	2,882,537.07*	2,842,831.73*
1940	295,818,434	45,706,530	25,977,874.92	19,022,725.09	9,647,452.66	82,639.20	2,774,942.03*	2,724,679.87*

Note:—Fixed charges include subway rentals, rent of leased roads, taxes dividends and interest on bonds.
†This deficit for year ended June 30, 1931 ($1,969,473.12) was not assessed upon the cities and towns in the District—Sec. 22, Chap. 333, Acts 1931.
§Of this loss $3,980,151.67 was assessed and was repaid by the Railway between 1922 and 1931.
‡9 Months Period.

CAPITAL OUTSTANDING, DECEMBER 31, 1940

Outstanding Common Stock

No. Shares Outstanding	Par Value Shares Outstanding	Net Premium	Amount Realized	5% Yearly Dividend	Dividends Payable
5,000	$500,000.00	—	$500,000.00		
95,000	9,500,000.00	—	9,500,000.00		
33,000	3,300,000.00	$1,815,000.00	5,115,000.00		
66,500	6,650,000.00	695,958.13	7,345,958.13		
39,294	3,929,400.00	196,470.00	4,125,870.00		
238,794	$23,879,400.00	$2,707,428.13	$26,586,828.13	$1,193,970 00	Jan. 1, Apr. 1, July 1, Oct. 1

Outstanding Funded Debt

Par Value	Rate	Maturity	Amount Realized	Yearly Interest	Co.
$5,000,000.00	4½%	Nov. 1, 1941	$4,900,000.00	$225,000.00	B. E.
8,286,000.00	5 %	Dec. 1, 1942	7,869,934.74	414,300.00	B. E.
2,600,000.00	5 %	Mar. 1, 1944	2,712,832.07	130,000.00	W. E.
570,000.00	7 %	Sept. 1, 1947	570,399.00	39,900.00	W. E.
§ 1,581,000.00	4½%	Aug. 1, 1949	1,503,309.66	71,145.00	B. E.
§ 6,309,000.00	5 %	Jan. 1, 1960	6,169,571.10	315,450.00	B. E.
§ 8,500,000.00	5 %	Mar. 1, 1960	8,569,615.00	425,000.00	B. E.
§ 7,711,000.00	4½%	Dec. 15, 1960	7,524,779.35	346,995.00	B. E.
§ 3,815,000.00	4½%	June 1, 1961	3,778,757.50	171,675.00	B. E.
§ 2,098,000.00	4¼%	Jan. 1, 1962	2,084,404.96	89,165.00	B. E.
§ 4,800,000.00	4¾%	Oct. 1, 1962	4,699,579.20	228,000.00	B. E.
§ 1,500,000.00	6 %	* * *	1,500,000.00	90,000.00	B. E.
§23,430,917.00	6 %	* * *	23,430,917.00	1,405,855.02	B. E.
$76,200,917.00			$75,314,099.58	$3,952,485.02	

§ Held by Boston Metropolitan District. (Total $59,744,917.00—78.4% of total bonds outstanding.)

REVENUE EQUIPMENT ACQUIRED AND RETIRED

1918-1940

Surface Cars	Owned 1918	Acquired 1918-1940	Retired 1918-1940	On Hand Dec. 31, 1940
Semi-Convertible Cars:				
Types No. 1 to No. 4	453	...	188	265
Type No. 5	...	471	1	470
Type "4000"	...	64	10	54
Center Entrance Cars	100	305	174	231
Trailer Cars	174	50	212	12
P.C.C. Car	...	1	...	1
Birney Type Cars	1	80	81	...
Articulated Cars	177	...	177	...
Box Cars	1,113	...	1,113	...
Open Cars	1,354	...	1,354	...
Total Surface Cars	3,372	971	3,310	1,033
Rapid Transit Cars				
Elevated Cars, Wood and Steel	169	...	169	...
Elevated Cars, Steel	162	163	46	279
Camb.-Dorch. Tunnel Cars, Steel	60	95	...	155
East Boston Tunnel Cars, Steel	...	48	...	48
Total Rapid Transit Cars	391	306	215	482
Buses				
Mechanical Drive	...	831	336	495
Diesel—Electric Drive	...	24	...	24
Diesel—Hydraulic Drive	...	2	...	2
Gas-Electric Drive	...	46	46	...
Total Buses	...	903	382	521
Trackless Trolleys	...	97	...	97
Totals	3,763	2,277	3,907	2,133

THE JEROME PRESS

TWENTY-THIRD ANNUAL REPORT

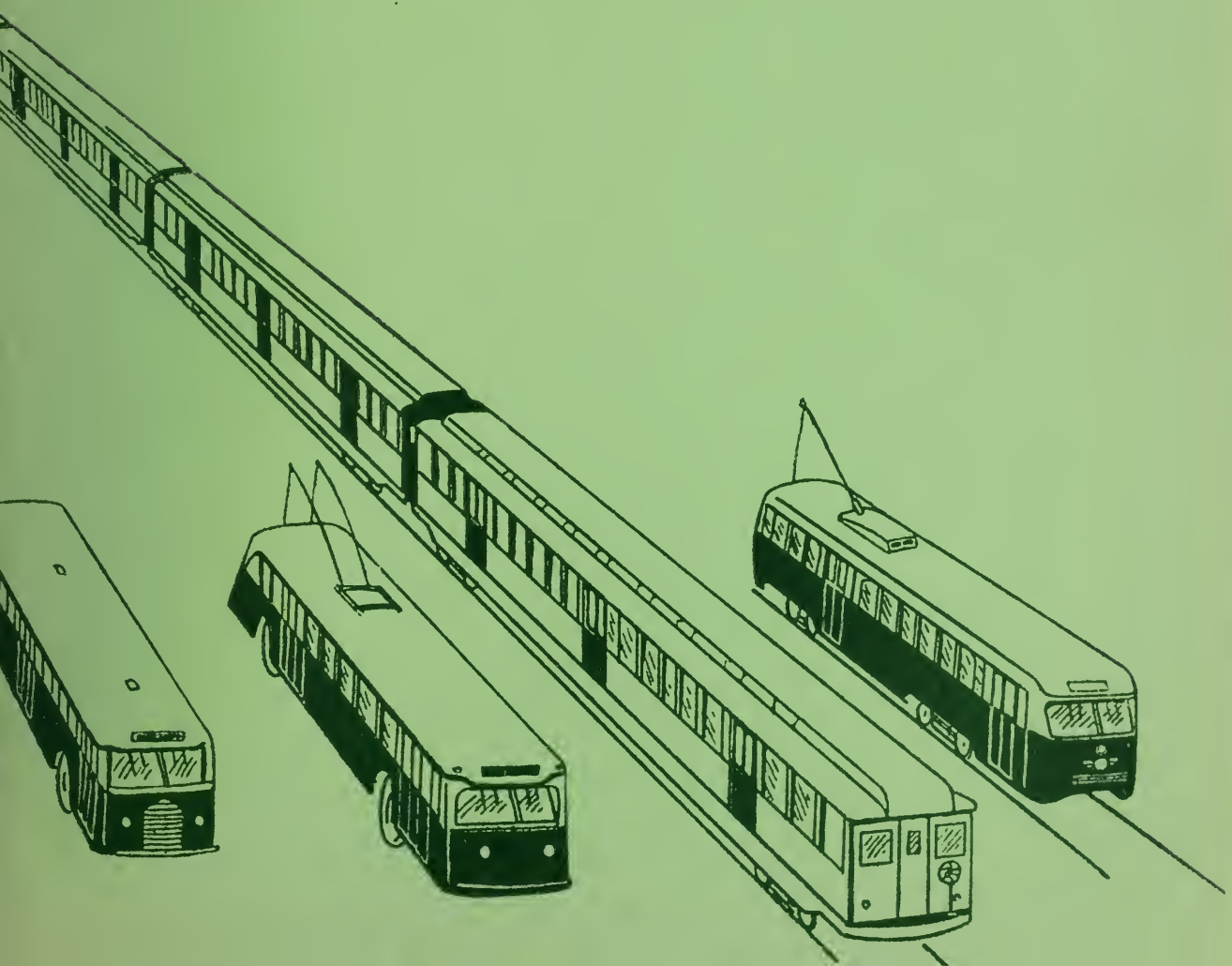
OF THE

BOARD OF PUBLIC TRUSTEES

OF THE

BOSTON ELEVATED RAILWAY COMPANY

YEAR ENDED DECEMBER 31, 1941



TWENTY-THIRD

ANNUAL REPORT

OF THE

Board of Public Trustees

OF THE

BOSTON ELEVATED RAILWAY COMPANY

Year Ended December 31, 1941

The information contained herein is not given in connection with any sale, offer for sale or solicitation of an offer to buy any securities.

★

BOARD OF PUBLIC TRUSTEES

(Appointed by the Governor of Massachusetts pursuant to Chapter 159 of the Special Acts of 1918)

EDWARD E. WHITING, *Chairman*

ERNEST A. JOHNSON
WILLIAM P. JOY
HENRY J. SMITH, *Secretary*
PATRICK J. WELSH

OFFICERS

(Appointed by the Trustees)

EDWARD DANA	*President and General Manager*
JOHN H. MORAN . . .	*Vice-President and Treasurer*
MICHAEL H. CULLEN . . .	*General Auditor*
WILLIS B. DOWNEY . . .	*General Counsel*
MAURICE P. SPILLANE . .	*General Claims Attorney*

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The 1941 Annual Report of the Board of Public Trustees of the Boston Elevated Railway Company

THE net result from operations of the Boston Elevated Railway for 1941 improved by $1,007,917.75, or approximately 40 per cent., as compared with 1940.

In accordance with an act passed by the Legislature in 1941, the date upon which the deficit, if any, is determined was changed from March 31 to December 31. Consequently, the deficit of which the Treasurer and Receiver General of the Commonwealth was notified on January 28, 1942 was based upon the results of operation during the nine months' period from April 1 to December 31, 1941 and the amount was $1,311,406.44.

The year 1941 was marked by the effects upon the railway of the defense effort of the nation which, in the last month of the year, became its war effort.

The manifold activities resulting from this defense and war work have been felt by the railway in several ways: By a considerable increase in the use of the railway's services. By the development of difficulties in obtaining certain equipment and supplies. By an increase in the wage cost, in taxes and in the costs of fuel and of almost all materials and supplies.

INCREASE IN RIDING

Preparations toward defense were reflected in the greater use of the railway's facilities from April of 1941. Prior to that time, the riding on the "El"—an excellent barometer of general activity locally—was about on a level with riding during prior comparable periods. In April, however, the level of riding curved definitely upward and thereafter maintained a sizable margin of improvement over the previous year.

For the year 1941 the number of revenue passengers was 306,815,525 as compared to 294,450,628 for 1940, an increase of 12,364,897, or 4.20 per cent.

The number of revenue passengers carried in 1941 was greater than in any year since 1931.

Fortunately, the increase in riding was not concentrated during the rush hours nor confined to the relatively few lines serving plants like the Navy Yard, the Army Base or the Watertown Arsenal, wherein there were intense defense activities, but was spread over the entire system and during all of the hours of operation. This diffusion of riding indicated anew the effects upon the business of the railway of a greater degree of employment, from whatever cause, and manifested itself in a number of ways: More riding to places of employment. More riding to shops. More riding to places of recreation. More riding for a variety of purposes.

Early we began to prepare for a greater volume of business than the "El" has had for some years. First, we reconditioned for operation 25 main line elevated, eight Cambridge-Dorchester subway and six East Boston tunnel cars, which were in storage. In addition, 19 elevated cars and 73 surface cars are now being reconditioned for future use.

Fifty new buses were delivered during 1941. Delivery of 35 additional buses is expected early in 1942. These new buses are for replacements of old ones which in normal times would be retired from service. Now, however, the old buses are being held in reserve for emergency use and because of delays in the delivery of new equipment.

In terms of miles of passenger service operated, the railway furnished in 1941 a total of 45,703,597 revenue miles as compared with 45,433,001 miles in 1940.

As to the capacity of the railway system, a question of much interest at this time, may we point out that the railway carried 371,218,401 passengers in 1926, as compared to 306,815,525 in 1941. Moreover, the railway carried 1,403,518 passengers on September 23, 1940, the day before American Legion Parade Day, and 1,114,635 on December 22, 1941, the busiest regular day in 1941, as compared with 965,550, the average number transported on a winter week day, and with 833,857, the average number carried on a summer week day in 1941.



TRACKLESS TROLLEYS LEAVING CLARENDON HILL CARHOUSE FOR LECHMERE TERMINAL

Comparing the total number of passengers carried in 1926 with the total number carried in 1941, it is evident that there is a considerable margin of capacity on an annual basis. Nevertheless, there is at present a high "peak" of riding in the morning and in the afternoon rush hours. These "peaks" are becoming more acute. Because of this fact we believe that serious consideration should be given to the subject of "staggering" of hours of school attendance and of employment, particularly in Boston. A well planned system of "staggered" hours would result in lengthening somewhat the periods within which the large majority of riders go to and return from work and within which students go to high schools, thus enabling this railway to carry a considerably greater number of riders with the equipment available.

DIFFICULTIES IN OBTAINING CERTAIN EQUIPMENT AND SUPPLIES

Priorities have been placed in effect during the past year limiting the amount of materials which can be procured or can be used for operating supplies or for maintenance or repairs.

Delays have occurred in obtaining certain equipment and supplies and delays will undoubtedly continue to occur and will probably become more acute.

As the Government stipulates that various essential commodities are necessary for war and defense uses, substitutes for these materials will have to be found. Already steel has been substituted for aluminum in bus bodies. Doubtless there will be even greater difficulties in obtaining certain materials. In fact, the finding of suitable substitutes, although they may not be quite so attractive or serviceable as those materials which have been used, is a major problem of the present and one likely to become more serious in the future.

COST OF THE SERVICE

Under the Public Control Act, all expenses of the railway which determine the results of operation are called "the cost of the service." This cost of the service logically divides into two groups, the operating expenses and the fixed charges.

For the year just ended the total cost of the service increased $142,299.11 and revenues increased $1,150,216.86. Therefrom resulted the reduction of $1,007,917.75 in the excess of cost of service over receipts for 1941 as compared to 1940, to which reference has already been made.

OPERATING EXPENSES

For the year 1941 operating expenses incurred in the operation and maintenance of the railway increased $101,905.24.

These expenses may be classed under five headings, as follows: wages, fuel, depreciation, injuries and damages, and material and other items.

For the year 1941 as compared to 1940 the total wage cost increased $304,429.20. By agreement, effective as of July 1, 1941, the wage rates of employees affiliated with Division 589 of the Amalgamated Association of Street, Electric Railway and Motor Coach Operators of America (Boston Carmen's Union) were increased five cents an hour. The wage rates of craft unions were also increased during the year, becoming effective at various dates according to agreements. There were also increases in the wages of unaffiliated employees. On an annual basis the total increase in wages effective in 1941 will be approximately $820,000 for all employees.

For the year ended December 31, 1941 the cost of fuel increased $100,710.98. In this item is included coal, gasoline and Diesel oil for buses. There was an increase in consumption of coal of 2,445 tons, which, together with its higher price, accounts for an increase of $53,064.36 in the cost of coal consumed. In 1941 there were 190,086 fewer gallons of gasoline consumed and 112,809 more miles operated by gasoline driven buses. Because of the higher price, however, the cost of gasoline, exclusive of tax, increased by $49,091.75 in 1941 as compared to 1940. There was a decrease of $1,445.13 in the cost of Diesel oil used due to lesser consumption.

In the calendar year 1941 there was an increase of $16,646.77 in the charge for depreciation of property and for obsolescence and losses in respect to property sold, destroyed or abandoned. This increase arose entirely from the substitution of new buses and trackless trolleys, subject to depreciation, for vehicles which had been fully depreciated or retired.

Offsetting in large part the increases in operating expenses by reason of higher wage, fuel and other costs, discussed above, were decreases in the charge for injuries and damages and in the charge for material and other items.

For the year 1941 there was a decrease of $184,020.42 in the charge to operating expenses for injuries and damages. This charge is based, in part, upon the estimated reserve that is necessary to be set aside for the payment of outstanding claims and suits.

For the 1941 calendar year, the charges for material and other items decreased $135,861.29 as compared to the prior year. Included in the charges under this heading, among the larger items, are material and supplies used, certain costs for snow removal, insurance, pensions, rent, stationery and printing, and telephone service.

FIXED CHARGES

Fixed charges, for the calendar year 1941, totalled $9,715,546.34. This was a net increase of $37,415.58 which was due primarily to an increase of $46,787.98 in taxes.

As the name implies, the fixed charges of the railway are relatively constant and are affected little by the amount or the character

of the service furnished. These fixed charges are divided under the following headings: interest, subway and rapid transit rentals, taxes, dividends (required by law) and rent of leased road.

Interest

The total interest charge in 1941 amounted to $3,942,068.35. The Boston Metropolitan District was paid $3,143,285.02 of this amount for interest on Elevated bonds held by the District. Of this interest payment the District used $1,813,807.52 to retire the principal of bonds issued by it in order to provide funds for the purchase of Elevated bonds and used $1,329,477.50 to pay interest on its own outstanding bonds. The remainder, $798,783.33, of the total interest charge was the interest paid by the railway on its bonds held by the investing public.

The interest charge for 1941 was $10,416.67 lower than the interest charge for 1940. This represents the savings for two months, November and December, resulting from refinancing through the Boston Metropolitan District of $5,000,000 of Elevated bonds

HUNTINGTON AVENUE SUBWAY INCLINE AT OPERA PLACE



maturing on November 1, 1941. Because of the importance to the taxpayers of this use of the District's credit we state below, in detail, the action taken last year and its effects.

Acting on a recommendation of the trustees of the railway, the Legislature enacted at its last session Chapter 567 of the Acts of 1941, authorizing the Boston Metropolitan District to purchase $16,456,000 principal amount of refunding bonds of the Boston Elevated Railway Company. This act is similar to several statutes passed since 1933 under which the District had acquired $34,814,000 principal amount of Elevated refunding bonds. It was designed to accomplish the refunding at reasonable interest rates of Elevated bonds maturing as follows: $5,000,000 on November 1, 1941; $8,286,000 on December 1, 1942; $2,600,000 on March 1, 1944; and $570,000 on September 1, 1947.

Under authority granted by this act the Boston Metropolitan District on November 1, 1941 issued $5,000,000 principal amount of 1¼ per cent. serial bonds maturing annually over a 25 year period and purchased a $5,000,000 principal amount 25 year bond of the Boston Elevated Railway Company bearing interest at the rate of 3¼ per cent., which interest rate is, under the provisions of the act, two per cent. in excess of the interest rate on the District bonds issued to provide funds for the purchase.

The refunding operation on this single issue of bonds will result in a saving in the cost of the service to the Boston Elevated Railway Company of $60,444.17 annually or of $1,511,104.25 over the twenty-five year life of the bond. The savings are shown by the following table:

Cost of Service Saving to Boston Elevated Railway Company Arising out of Refunding of $5,000,000 4½% Bonds Maturing November 1, 1941

	Amount	Rate	Maturity	Annual Interest	Annual Discount and Expense	Total Annual Charges
Elevated Maturing Bonds	$5,000,000	4½%	Nov. 1, 1941	$225,000	$3,333.36	$228,333.36
Elevated Refunding Bond	$5,000,000	3¼%	Nov. 1, 1966	$162,500	$5,389.19	$167,889.19
Annual Cost of Service Saving		$60,444.17		Saving over 25 Year Life of Bond		$1,511,104.25

Not only will there be the savings in the cost of the service shown above, but the interest which the Elevated pays the District will provide funds during the 25-year period to retire nearly 60 per cent. of the principal amount of the District bonds while the District retains the Elevated bond outstanding in the full amount.

Subway and Rapid Transit Rentals

As a part of the cost of service, the sum of $2,829,413.73 was accrued by the railway in 1941 for subway and rapid transit rentals payable to the City of Boston and to the Commonwealth of Massachusetts. In the calendar year the railway payments amounted to $2,827,821.25. Of this amount, $2,278,528.75 was used to pay interest on the bonds issued by the Commonwealth and by the City in order to provide for these facilities and $549,292.50 was made available for the retirement of the principal of these bonds.

We call particular attention to the fact that out of the payments for interest and for subway and rapid transit rentals made by the railway during the year $2,363,100.02 was made available for the retirement of public debt. This sum is 48 per cent. more than the operating loss of the railway for 1941 and it was divided as follows:

Boston Metropolitan District	
a/c retiring District bonds	**$1,813,807.52**
City of Boston	
a/c retiring subway and rapid transit debt	**458,112.50**
Commonwealth of Massachusetts	
a/c retiring Cambridge subway debt	**91,180.00**
Total	**$2,363,100.02**

Taxes

In 1941 taxes totalled $1,704,286.19, an increase of $46,787.98 over 1940. The following table shows the composition of the tax accruals in 1941:

Real estate and personal property taxes (Paid to various municipalities in the area served)	$830,028.77
Social Security taxes (For old age retirement and unemployment insurance)	537,525.46
State and Federal gasoline and motor vehicle taxes	281,177.36
Miscellaneous taxes	55,554.60
Total	$1,704,286.19

Dividends

Annually the trustees pay a fixed amount of $1,193,970 for dividends as required by the Public Control Act.

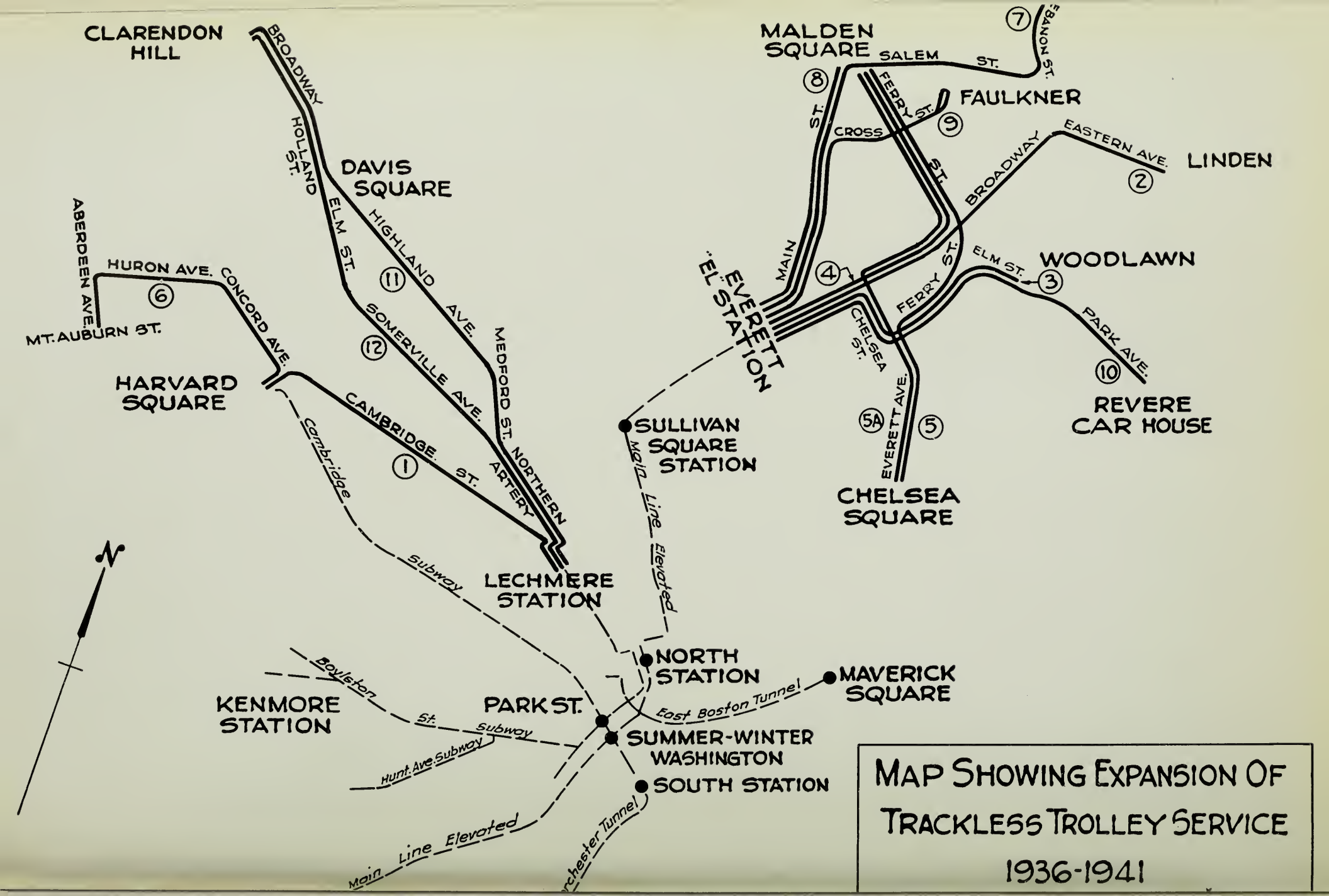
Rent of Leased Road

For the rental of surface car lines in West Roxbury and in the Middlesex Fells Reservation, which are owned by the Eastern Massachusetts Street Railway Company, and for the rental of lines in Hyde Park, which are owned by the City of Boston, the railway paid $45,808.07 in 1941.

NON-PAYMENT OF DEFICIT

In accordance with the requirements of Section 11 of Chapter 159 of the Special Acts of 1918, as amended, and commonly referred to as the "Public Control Act", the public trustees of the Boston Elevated Railway Company today (January 28, 1942) certified to the Treasurer and Receiver General of the Commonwealth a deficit for the nine months' period ended December 31, 1941 in the sum of $1,311,406.44.

The public trustees have repeatedly expressed the desire that all legal questions involving the accuracy of the determination of past deficits be speedily adjudicated by the Supreme Judicial Court to the


CLARENDON HILL
BROADWAY
HOLLAND ST.
ELM ST.
DAVIS SQUARE
HIGHLAND AVE.
SOMERVILLE AVE.
MEDFORD ST.
NORTHERN ARTERY
ABERDEEN AVE.
HURON AVE.
CONCORD AVE.
MT. AUBURN ST.
HARVARD SQUARE
CAMBRIDGE ST.
Cambridge Subway
LECHMERE STATION
MALDEN SQUARE
SALEM ST.
FRANKLIN ST.
FERRY ST.
FAULKNER
CROSS ST.
MAIN ST.
EVERETT "EL" STATION
BROADWAY
EASTERN AVE.
LINDEN
ELM ST.
WOODLAWN
PARK AVE.
REVERE CAR HOUSE
CHELSEA ST.
EVERETT AVE.
CHELSEA SQUARE
SULLIVAN SQUARE STATION
Main Line Elevated
NORTH STATION
MAVERICK SQUARE
East Boston Tunnel
PARK ST.
KENMORE STATION
Boylston St. Subway
Hunt. Ave. Subway
SUMMER-WINTER WASHINGTON
SOUTH STATION
Main Line Elevated
Dorchester Tunnel
MAP SHOWING EXPANSION OF TRACKLESS TROLLEY SERVICE 1936-1941

end that this much publicized question be settled once and for all in the public interest. The length of time that may be consumed in the litigation which has just been instituted by the Attorney General is difficult to estimate.

At any time the failure to pay a deficit would be a serious matter in the operation of the railway. Now, when the railway is facing extraordinary conditions and expenditures as a result of the war, such non-payment of the deficit may become critical and affect the efficient operation of the railway and the service to the public.

The defense and war efforts have increased the demand for service, a demand which we have thus far met and which we will continue to try to meet. Under war conditions, expenditures of every character will face the railway in its effort to provide service, the demand for which has greatly increased following the restriction in the manufacture of private automobiles and tire rationing. Moreover, the railway may be called upon to aid in the evacuation of women and children and in the transportation of troops. The cost of protecting railway property and of providing effective blackout facilities will be substantial. All of these things cost money.

What can the trustees do to provide funds in the event of a continued withholding of the payment of the deficits?

There are only three ways open:

1. To attempt to increase revenues by increasing the rates for transportation services.
2. To attempt to save money by a drastic curtailment of existing services or by a reduction in wages.
3. To borrow money for current expenses.

An increase in the rates for transportation services might be tried, but a reduction in wages would be inadvisable, if not impossible, under present conditions and a drastic curtailment of services would be unwarranted and would seriously hamper the war effort in this community.

With respect to borrowing of money, the Public Control Act provides that pending payment of a deficit it shall be the **duty** of the trustees to borrow such amount of money as may be necessary to enable them to make all payments as they become due. If money

should be borrowed, the cost of the service would be increased by the amount of the interest on the borrowed money.

Pending approval by the Governor and Executive Council of the warrant for payment of the deficit for the year ended March 31, 1941, the Commissioner of Corporations and Taxation of the Commonwealth of Massachusetts instructed the cities and towns in the area served by the railway to include the deficit liability in their tax rates and not to spend the money thus raised for other purposes.

No additional financial burden, therefore, would be imposed upon the cities and towns served if the current deficits were paid under some arrangement that would afford adequate protection to the rights of the Commonwealth and of the cities and towns in the litigation which has just been started.

Under all of the circumstances discussed above, we believe that the deficits should be paid after agreement of the parties in interest that such payments shall be made without prejudice, thus leaving the way open, when legal proceedings are finally disposed of, for adjustments, if any, that may be required by court decision.

The deficit for the 12 months ended March 31, 1941 amounted to $2,341,167.29 and for the nine months ended December 31, 1941 to $1,311,406.44, or a total of $3,652,573.73.

It seems to us that a vital transportation system serving the most important metropolitan area in the Commonwealth of Massachusetts and performing a greater and greater part of the job of transporting the public should not be unnecessarily hampered in its operations when the nation is at war.

WAR EMERGENCY PREPARATIONS

Naturally, by virtue of the nature of its business, the railway possesses facilities to cope with emergency conditions. One of the important functions of a mass transportation system is to be prepared to meet emergencies like wrecks, explosions, fires, floods and snow blockades.

War conditions, subjecting a vast transit system to the effects of attack, may impose even greater burdens. As has been the case in European cities, experience under war conditions will teach us here

what adjustments and modifications must be made to gear our emergency procedure to war conditions.

The railway's personnel and equipment are required for the important work of providing transportation for those engaged in defense and war work and for the general public. Especially during and after an air raid or other emergency, the railway's full complement of men and equipment would be needed for immediate action in order to restore services as speedily as possible.

For years the railway has been taking precautions against fire and has developed measures for its control. Much of the railway property is protected by sprinkler systems. Inspection of railway premises by insurance associations is made at regular intervals. Periodically, fire fighting squads hold drills at shops, garages, carhouses, yards and loops. At the request and under the observation of fire insurance associations, twice a year, suddenly and without warning, these squads are required to hold drills. At such times the procedure followed is identical to the one which would be followed in the event of an actual fire, even to the extent of turning on the water.

FREE AUTOMOBILE PARKING AREA FOR "EL" PATRONS OPPOSITE LECHMERE TERMINAL, EAST CAMBRIDGE



Emergency trucks, wrecking trucks and cars equipped with cranes, and portable wrecking equipment for emergency uses are kept in good operating condition. Men long experienced and trained in the use of this equipment are ready for whatever new emergencies may arise. Together with other vehicles in Region 5 (generally the Boston Metropolitan area), the railway's fleet of buses has been regimented for speedy use in evacuation proceedings or for such other uses as may be required by the military authorities.

The railway and its emergency facilities have been closely incorporated in the plans for civilian defense made by the Massachusetts Committee on Public Safety, the Committee on Public Safety of the City of Boston and in the plans formulated by the authorities in outlining cities and towns wherein, of course, there is less railway property than in Boston.

The regulations formulated by the railway regarding blackouts and air raids were approved on January 23, 1942 by the Massachusetts Committee on Public Safety.

The railway management is fully aware that the war may present emergencies of a new and extremely difficult nature. Much time and study have been and are being given to setting up methods and procedures to meet such emergencies. Key men have attended lectures to keep abreast of the instructions being given by the various safety committees. Regular meetings of the railway staff are held for the purpose of formulating plans to the end that the railway will be as well prepared as possible to meet whatever emergencies may arise.

POWER

In a letter dated May 13, 1941, the Boston Edison Company offered to purchase the two power generating plants of the Boston Elevated Railway for $7,400,000 plus the value of material and supplies on hand at the railway's cost, and to sell power to the railway on a long term contract, the price of which power, based on fuel costs and other conditions as of 1940, would be 7.6 mills per K.W.H.

After thorough consideration of this offer, we wrote to the State Department of Public Utilities on May 28, 1941, saying that we had

on that day voted unanimously to reject the offer of the Boston Edison Company on the grounds that "the proposed sale would not be in the public interest," stating the reasons for our conclusion.

Late in 1941 the presidents of both companies held several conferences for the purpose of discussing the sale to the Boston Edison Company of such power as the railway can generate in excess of its own needs.

The two companies are now engaged in a joint study to determine the extent of the railway's spare generating capacity and the expense and time necessary to make this surplus power available for sale to the Boston Edison Company.

EMPLOYEES

Leave of Absence for Service in Armed Forces

During the last two years a number of employees from various departments of the railway were granted a leave of absence for service in the military or naval forces of the United States. In the table below we show the number who have entered the various services in these two years:

	1941	1940	
U. S. Army	25	3	
U. S. Marine Corps		2	
U. S. Navy	6	1	
Coast Guard	2		
	33	6	
Total			39

Reduction in Collision Accidents

During the year just ended, as compared with the prior year, the number of collision accidents was reduced by 218 or 4.55 per cent. On a comparable revenue passenger mileage basis the reduction in 1941 as compared with 1940 was 4.71 per cent. In view of the greater number of motor vehicle registrations, the increased traffic

congestion and the increase in the railway's mileage, we believe that the accident record for 1941 was creditable.

For the first time since 1935 the railway is again eligible and will compete for a national safety award on the basis of the collision accident record for 1941. The railway had been barred from competing for this award for five years because of the large number of awards, five in number, that the Elevated had won.

During 1941, posters were displayed every month in the carhouses and garages picturing the most frequent type of collision accidents, informing the transportation employees of the progress made and stimulating them to greater efforts. During the first six months of the year letters were sent to transportation employees who had been concerned in a collision accident, urging them to exercise greater care in operation in order to prevent the recurrence of such accidents.

Employee Training

Training of employees in matters of safety, good operating methods, courtesy, neatness of appearance and ability to furnish information to the public have been subjects of a long-term program. The railway's supervisory officials seek to maintain the transportation employees on a high level of efficiency with respect to the above named qualifications. Re-instruction and special training of individual operators, whenever found necessary, is a feature of the program. Another method of employee training is the mailing to the homes of "Co-operation," published quarterly, wherein is printed all matters of interest relating to the operation of the railway, including personnel matters. Moreover, last year there were mailed to employees' homes a letter on the preparations of the railway incidental to the increase in riding arising from the defense activity and a pamphlet on safe operation.

Physical Examination of Transportation Employees

From 1928 until January 1, 1941, a physical examination was required of transportation employees 40 years of age or older, engaged in car, bus or train service, except that rapid transit motormen were

examined annually regardless of age, and except, furthermore, that any employees showing any tendency to physical defects were re-examined as frequently as the examining physician considered necessary.

Since January 1, 1941 all transportation employees engaged in car, bus or train service, regardless of age, must undergo an annual physical examination, and, as in the past, any such employees with physical defects are examined as frequently as is necessary.

During 1941 there were 4,097 physical examinations conducted at the Sullivan Square clinic as compared with 3,279 during 1940.

"Merit Plan" of Employee Selection

In order to fill vacancies caused by employees leaving the service for various reasons and to provide for increased service 227 men were engaged in 1941 as operators for the surface lines service.

These men and all other new operators engaged since late 1939 have been employed in order of ranking from a list of 675 men established on December 15, 1939 following written, oral and physical examinations under a "merit plan" method of employee selection.

In view of present conditions, plans are now in the making to conduct another series of examinations preparatory to establishing a supplementary list.

CHARTERED BUS BUSINESS

The year 1941 was the best in the history of the chartered bus business of this railway. The increase can be attributed to the greater activity in the area served and to a demand for chartered services in connection with national defense.

The tabulation below shows the volume of this business in the last four years:

	1941	1940	1939	1938
Revenue	$123,978.55	$109,385.70	$118,082.85	$81,681.70
Revenue Mileage	178,846	158,188	167,685	114,706
Number of Orders	7,066	7,146	6,953	5,347
Number of Buses	9,949	9,517	9,607	6,970

SERVICE, EQUIPMENT AND PLANT CHANGES

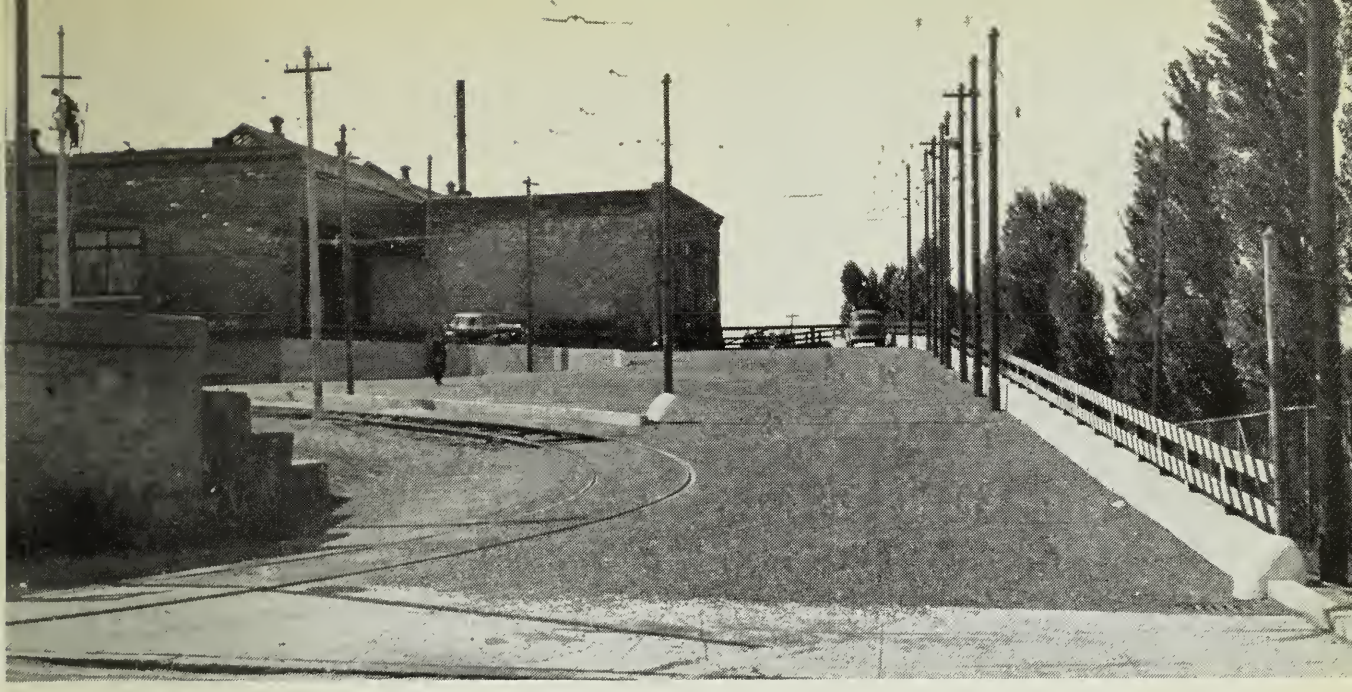
Extension of Trackless Trolley Service

In the period of five and a half years, from April 11, 1936 to November 8, 1941, trackless trolley service has been expanded from a single line to 12 lines, serving in whole or in part six communities to the north of Boston. As of the end of 1941, the railway had 132 trackless trolleys, furnished service over almost 27 miles of street, and during that year operated 2,320,742 miles of trackless trolley service.

The plan opposite page 15 shows the extension of the trackless trolley service from 1936 to the present. The table below lists the existing lines and the date when service was started thereon.

Route	*Date Service Began*
1. Bennett street (Harvard square)—Lechmere terminal, via Cambridge st.	April 11, 1936
2. Linden-Everett "El" station, via Eastern ave., Broadway	January 9, 1937
3. Woodlawn-Everett "El" station, via Elm st., Ferry st., Chelsea st., Broadway	June 19, 1937
4. Malden square-Everett "El" station, via Ferry st., Broadway	September 11, 1937
5. Malden square-Chelsea square, via Ferry st., Broadway, Everett sq., Chelsea st., Everett ave., and via Ferry st., Chelsea st., Everett ave.	December 11, 1937
6. Aberdeen avenue and Mt. Auburn street—Harvard station (Bennett street), via Aberdeen ave., Huron ave., Concord ave., Garden st.	April 2, 1938
7. Lebanon street-Everett "El" station, via Lebanon st., Salem st., Malden sq., Main st., Broadway	December 31, 1938
8. Malden square-Everett "El" station, via Main st., Broadway	December 31, 1938
9. Faulkner-Everett "El" station, via Bryant st., Cross st., Main st., Broadway	June 17, 1939
10. Revere carhouse-Everett "El" station, via Park ave., Elm st., Ferry st., Chelsea st., Broadway	September 7, 1940
11. Clarendon Hill carhouse-Lechmere terminal, via Broadway, Holland st., Highland ave., Medford st., Somerville ave., Bridge st.	November 8, 1941
12. Clarendon Hill carhouse-Lechmere terminal, via Broadway, Holland st., Elm st., Somerville ave., Bridge st.	November 8, 1941

In connection with the establishment of the last two trackless trolley lines listed above, alterations were necessary at the Clarendon Hill carhouse to provide for the inspection and repairs of the 35 trackless trolleys required for the operation of these two lines.



NEW ENTRANCE DRIVEWAY AND RAMP LEADING TO CLARENDON HILL CARHOUSE FOR USE OF TRACKLESS TROLLEY

An entrance driveway and ramp from Broadway to the rear of the carhouse was built, which involved the construction of a high reinforced concrete wall to hold the fill, and paved driveways were provided alongside and in front of the carhouse.

At the Lechmere terminal, two trucks were removed and the area paved and other changes were made in order to provide suitable operating conditions.

Changes in Bus Service

A bus line between Norway street and Park square via Huntington avenue and Boylston street began operation on September 10, 1941 and its outer terminal was extended to Brigham Circle on October 4, 1941.

The bus line operating between Boylston and Hammond streets and Boylston and Lee streets, Brookline, was extended to Cleveland Circle via Chestnut Hill avenue on December 13, 1941. The route license granted by the local authorities stipulated that no buses shall take on or discharge passengers on Chestnut Hill avenue, Brookline.

New Cars on the Newton-Brighton-Watertown line

Since March 3, 1941, the 20 new surface cars known as the Presidents' Conference Committee or P.C.C. cars, described in our report for the calendar year 1940, have been in service on the Newton-

Brighton-Watertown line operating between Watertown station near Watertown square and the Park street subway station.

These cars were well received by the riders.

Opening of the Huntington Avenue Subway

The new Huntington avenue subway, built by the Transit Department of the City of Boston, was opened on February 16, 1941. This improvement, discussed at some length in last year's report, has provided a faster service to commuters using the Huntington avenue lines. The riding and, consequently, the amount of service furnished on these lines have increased considerably.

Bus Platform at Maverick Square

On the street level at Maverick square the Transit Department of the City of Boston built a wider platform with a canopy over it and provided a well lighted area for the transfer of passengers between the Maverick square terminal of the East Boston tunnel and the buses of a local carrier serving Winthrop.

Automobile Parking Areas

Free for "El" patrons, one new parking area was opened and an existing area enlarged during 1941.

The new area, with a capacity of almost 350 automobiles and located at Cambridge and First streets, East Cambridge, opposite the Lechmere terminal, was opened on April 23, 1941.

The parking area on River street, Mattapan, directly adjacent to the terminal of the high speed trolley line at Mattapan station was enlarged from a capacity of 120 automobiles to a capacity of more than 300 automobiles. This greater capacity was made available on December 11, 1941.

In conjunction with the enlargement of the Mattapan parking area, the bus loading platform at the station was lengthened and the busway adjacent to this platform widened and a new busway built leading to River street, improvements that have been needed for some time.

Changes in Street Car Reservations

In conjunction with repaving work by the City of Boston, the street car reservation on Blue Hill avenue from north of Charlotte street to north of Columbia road was removed and the car tracks relocated from the Franklin Park side to the center of the street. A concrete platform was built between the two tracks.

The physical connection between the tracks on Columbia road and Blue Hill avenue was discontinued. At the end of the Columbia road reservation adjacent to Blue Hill avenue double crossovers were installed for switching cars from one track to the other for the return journey. At the end of the Columbia road reservation a platform was built for passengers to board and alight from cars.

Albany Street Garage

With entrances from either Albany street or Harrison avenue, a garage with a storage capacity of 32 buses was completed on May 6, 1941. This garage has a separate area for the inspection and re-



ENTRANCE TO ALBANY STREET GARAGE FROM HARRISON AVENUE

pair of buses, trucks and automobiles and a service room for the fueling and lubrication of vehicles. It has also lobby and storeroom facilities.

CONCLUSION

As can be seen from a reading of this report, the operation of this vast railway system was materially affected by the defense effort, which became a total war effort. We are marshalling all of our resources to meet any additional requirements that may arise as the war progresses. A much greater demand is likely to develop for transportation services. We can take care of this demand if not prevented from so doing by such an obstacle as continued non-payment of deficits, which is discussed earlier in this report.

The net result from operations was improved during 1941. In view of the uncertainties of the future, the course of the riding and the cost of furnishing the service are unpredictable. We shall continue to do our utmost to meet the requirements of the riding public and to keep the cost of the service as low as is possible.

BOARD OF PUBLIC TRUSTEES,
BOSTON ELEVATED RAILWAY COMPANY

Edward Dolbier — Chairman

Henry J. Smith — Secretary

Ernest A. Johnson

William A. Foy

Patrick J. Welsh

January 28, 1942

FINANCIAL STATEMENTS
AND
STATISTICS

Lybrand, Ross Bros. & Montgomery

BOSTON, MASSACHUSETTS

To the Board of Public Trustees of
Boston Elevated Railway Company,
Boston, Massachusetts.

We have examined the balance sheet of the Boston Elevated Railway Company as of December 31, 1941, and the accompanying statements of income and of cost of service deficit for the twelve months then ended, have reviewed the system of internal control and the accounting procedures of the company and have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. In accordance with accepted audit procedure, we made an examination in detail of such portion of the transactions as we deemed appropriate and no limitation as to the scope of our examination was placed upon us by the Board of Public Trustees or officials of the company.

In our opinion, the provision for depreciation of road and equipment in the year 1941 charged to cost of service as shown in the accompanying schedule of operating expense accounts is fair and reasonable, but the amount accrued in the reserve for depreciation of property and for obsolescence and losses in respect to property sold, destroyed or abandoned, appearing in the accompanying balance sheet, is inadequate.

Reference is made to balance sheet note B with respect to federal income taxes in litigation. We are unable, at this time, to form an opinion as to the ultimate liability, if any, for federal income taxes for the years 1933 through 1940.

In our opinion, subject to the comments in the preceding two paragraphs, the accompanying balance sheet and related statements of income and of cost of service deficit present fairly the position of the Boston Elevated Railway Company at December 31, 1941, and the results of its operations under public control for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Boston, Massachusetts
January 28, 1942

Lybrand, Ross Bros. & Montgomery

BALANCE

DECEMBER 31,

ASSETS

	December 31 1941	December 31 1940
Fixed assets:		
Road and equipment:		
Way and structures	$ 60,948,149.83	$ 61,161,572.57
Equipment	31,909,641.49	30,746,971.22
Power	15,608,358.84	15,570,649.14
General and miscellaneous	1,972,733.17	1,972,733.17
Unfinished construction	36,542.64	146,878.90
Total road and equipment (Note A, page 32)	$110,475,425.97	$109,598,805.00
Miscellaneous physical property	688,978.14	688,978.14
Advances for road and equipment on leased roads — Eastern Massachusetts Street Railway Company	232,455.28	232,455.28
Total fixed assets	$111,396,859.39	$110,520,238.42
Current assets:		
Cash in banks and on hand	$ 3,396,967.08	$ 4,972,994.90
Special deposits	352,649.99	348,673.88
Miscellaneous accounts and rents receivable	413,019.96	541,139.23
Material and supplies	2,574,653.48	2,049,333.41
Other current assets	37,240.00	39,180.00
Total current assets	$ 6,774,530.51	$ 7,951,321.42
Other investments—mortgage notes receivable	$ 100,000.00	$ 112,000.00
Deferred charges and unadjusted debits:		
Prepaid expenses	$ 108,202.07	$ 117,623.00
Unamortized discount on bonds	1,102,386.86	1,041,085.38
Other unadjusted debits	98,752.85	71,955.65
Total deferred charges and unadjusted debits	$ 1,309,341.78	$ 1,230,664.03
TOTAL ASSETS	$119,580,731.68	$119,814,223.87

For Balance Sheet notes see page 32.

SHEET

1941 AND 1940

LIABILITIES

	December 31 1941	December 31 1940
Funded debt (per schedule, page 42):		
Bonds held by Boston Metropolitan District	$ 64,744,917.00	$ 59,744,917.00
Bonds held by others:		
Not due within one year	3,170,000.00	11,456,000.00
Due within one year	8,286,000.00	5,000,000.00
Total funded debt	$ 76,200,917.00	$ 76,200,917.00
Current liabilities:		
Accounts and wages payable	$ 748,060.84	$ 613,689.08
Accrued interest, dividends and rents payable	1,356,355.58	1,365,548.26
Accrued taxes	184,310.29	165,690.52
Unredeemed tickets	36,372.46	52,743.92
Other current liabilities	53,388.23	41,659.56
Total current liabilities, exclusive of bonds due within one year shown above	$ 2,378,487.40	$ 2,239,331.34
Reserve for depreciation of property and for obsolescence and losses in respect to property sold, destroyed or abandoned (note A—page 32)	$ 18,006,934.07	$ 16,821,801.67
Reserve for injuries and damages	$ 952,409.38	$ 1,055,492.57
Unadjusted credits:		
Unamortized premium on bonds	$ 8,554.08	$ 12,480.60
Suspense credit pending settlement of prior year taxes (note B, page 32)	427,236.97	438,061.70
Other unadjusted credits	112,771.31	119,212.98
Total unadjusted credits	$ 548,562.36	$ 569,755.28
Capital stock (per schedule, page 42):		
Common stock (238,794 shares of $100.00 par value each)	$ 23,879,400.00	$ 23,879,400.00
Premium on common stock	2,707,428.13	2,707,428.13
Total common stock and premium	$ 26,586,828.13	$ 26,586,828.13
Profit and loss and surplus accounts:		
Deficit prior to July 1, 1918	$ 12,127.83*	$ 12,127.83*
Deficit year ended June 30, 1931	1,969,473.12*	1,969,473.12*
Cost of service deficit (notes B and C, page 32):		
Nine months ended December 31, 1940	—	2,219,069.19*
Year ended March 31, 1941	2,341,167.29*	—
Nine months ended December 31, 1941	1,311,406.44*	—
Surplus arising from consolidation with West End Street Railway Co. June 10, 1922 and reorganization July 1, 1931	540,768.02	540,768.02
Total profit and loss and surplus accounts (debit)	$ 5,093,406.66*	$ 3,659,902.12*
TOTAL LIABILITIES	$119,580,731.68	$119,814,223.87

* Denotes debit balance.

BALANCE SHEET NOTES

Note A—Atlantic Avenue Elevated Structures

As a result of a decision rendered January 9, 1942 by the Supreme Judicial Court of Massachusetts the company is required to remove the Atlantic Avenue elevated structure. It is estimated that the recording of the retirement of this property in 1942 will result in reduction of the account "Road and Equipment" by approximately $5,000,000 and in reduction by a like sum of the account "Reserve for Depreciation of Property and for obsolescence and losses in respect to property sold, destroyed or abandoned."

Note B—Federal Income Tax Liability

Under an opinion of the United States Board of Tax Appeals rendered December 9, 1941, the company was held liable for federal income taxes for the calendar years 1933 to 1938, inclusive. The Trustees deny any liability with respect to such taxes and an appeal is being taken from this decision. Federal income taxes for the years 1933 through 1940, estimated on the basis of the Board of Tax Appeals decision, with interest to December 31, 1941, exceed by approximately $930,000 the amount of $427,236.97 which has been reserved and is shown in the balance sheet against the caption "Suspense credit pending settlement of prior year taxes." It is believed by the Trustees that no liability has been incurred for federal income taxes for the calendar year 1941.

Note C—Advances by the Commonwealth under Public Control Act

Amounts advanced by Commonwealth of Massachusetts to the Boston Elevated Railway Company for deficits in cost of service (July 1, 1931 to March 31, 1940) total $18,604,378.29 December 31, 1941. Under certain conditions as provided in Section 11 of the Public Control Act, as amended, if the company should have an excess of income over cost of service it will be obligated to make repayments to the Commonwealth on account of the amounts so advanced.

Under authority of Legislative Resolve of 1941 the Massachusetts Department of Public Utilities is authorized under the direction of the Attorney General to bring legal proceedings to challenge the propriety of the methods used by the Trustees in determining deficits under the terms of the Public Control Act. In the meantime, payment to the company of the amount of deficit for the twelve months ended March 31, 1941 ($2,341,167.29 as certified to the Commonwealth by the Board of Trustees) has been withheld by the Commonwealth.

STATEMENT OF COST OF SERVICE DEFICIT

Year Ended December 31, 1941

Balance January 1, 1941		$2,219,069.19
Operating loss for year per accompanying income statement	$1,593,756.96	
Less net credits direct to cost of service deficit not reflected in the income statement	160,252.42	1,433,504.54
Balance December 31, 1941		$3,652,573.73

This balance is shown on the balance sheet as follows:

Deficit for year ended March 31, 1941	$2,341,167.29
Deficit for nine months ended December 31, 1941	$1,311,406.44

INCOME STATEMENT

	Years Ended December 31	
Operating Revenue:	1941	1940
Passenger Revenue	$26,910,810.73	$25,716,456.79
Special Car and Special Bus Revenue	126,072.95	111,144.00
Total Revenue from Transportation	$27,036,883.68	$25,827,600.79
Station and Car Privileges	$ 452,334.50	$ 473,789.07
Rent of Buildings and Other Property	74,077.97	77,792.77
Power Sales	19,543.60	43,153.55
Other Operating Revenue	374.05	625.27
Total Revenue from Other Operations	$ 546,330.12	$ 595,360.66
Total Operating Revenue	$27,583,213.80	$26,422,961.45
Operating Expenses:		
Way and Structures	$ 2,965,779.14	$ 3,105,087.84
Equipment	3,217,070.09	3,206,573.34
Power	1,850,733.36	1,722,674.78
Conducting Transportation	8,887,682.62	8,623,510.93
Traffic	36,348.27	25,275.24
General and Miscellaneous	2,453,090.65	2,611,967.71
Transportation for Investment (credit)	*23,341.98*	*9,632.93*
Total Operating Expenses (Including Depreciation $2,174,356.45 in 1941 and $2,157,709.68 in 1940)	$19,387,362.15	$19,285,456.91
Operating Income Before Taxes	$ 8,195,851.65	$ 7,137,504.54
Taxes Assignable to Operations:		
Federal (no income tax included)	$ 647,394.59	$ 602,218.02
State and Municipal	1,056,891.60	1,055,280.19
Total Taxes Assignable to Operations	$ 1,704,286.19	$ 1,657,498.21
Operating Income	$ 6,491,565.46	$ 5,480,006.33
Non-Operating Income	$ 10,301.01	$ 20,336.50
Gross Income	$ 6,501,866.47	$ 5,500,342.83
Deductions from Gross Income:		
Interest on Funded Debt	$ 3,942,068.35	$ 3,952,485.02
Amortization of Discount on Funded Debt	73,428.21	73,085.88
Subway and Rapid Transit Line Rental	2,829,413.73	2,828,570.46
Dividends (required by law)	1,193,970.00	1,193,970.00
Rent for Leased Roads	45,808.07	45,607.07
Other deductions	10,935.07	8,299.11
Total Deductions from Gross Income	$ 8,095,623.43	$ 8,102,017.54
Operating Loss for Year	$ 1,593,756.96*	$ 2,601,674.71*

* Debit

OPERATING EXPENSE ACCOUNTS

	Years Ended December 31	
	1941	1940
Way and Structures:		
Superintendence of Way and Structures	$ 283,764.84	$ 278,357.77
Maintenance of Track and Roadway	930,152.93	932,392.26
Removal of Snow and Ice	215,682.20	322,660.60
Tunnels and Subways	21,144.80	27,606.59
Elevated Structures and Foundations	52,177.63	62,965.12
Bridges, Trestles and Culverts	13,737.12	8,613.62
Crossings, Fences and Signs	10,923.53	8,372.54
Signals and Interlocking Apparatus	28,102.67	24,509.13
Telephone and Telegraph Lines	6,420.01	6,184.54
Other Miscellaneous Way Expenses	40,178.93	36,881.28
Maintenance of Electric Line Equipment	210,065.40	250,004.32
Maintenance of Buildings, Fixtures and Grounds	404,629.08	413,340.07
Depreciation of Way and Structures	748,800.00	733,200.00
Total Way and Structures	$2,965,779.14	$3,105,087.84
Equipment:		
Superintendence of Equipment	$ 105,816.43	$ 110,874.94
Maintenance of Revenue Equipment	1,233,666.02	1,214,766.80
Maintenance of Rail Service Equipment	18,768.02	25,065.86
Elec. Equip. Maint. of Revenue Equipment	337,513.65	329,203.87
Shop Equipment	52,579.36	56,560.02
Shop Expenses	263,303.73	262,562.52
Miscellaneous Equip. (Autos, Trucks and Tractors)	60,666.43	63,829.65
Depreciation of Equipment	530,400.00	546,000.00
Depreciation of Buses and Trackless Trolleys	614,356.45	597,709.68
Total Equipment	$3,217,070.09	$3,206,573.34
Power:		
Superintendence of Power	$ 90,821.79	$ 88,207.30
Maintenance of Power Plant Bldgs. and Equipment	165,876.66	145,779.35
Depreciation of Power Plant Bldgs. and Equipment	280,800.00	280,800.00
Operation of Power Plants	1,023,193.48	965,493.32
Gasoline and Fuel Oil for Buses	290,041.43	242,394.81
Total Power	$1,850,733.36	$1,722,674.78

OPERATING EXPENSE ACCOUNTS (Concluded)

	Years Ended December 31	
	1941	1940
Conducting Transportation:		
Superintendence of Transportation	$ 1,185,778.53	$ 1,133,202.73
Pass. Car, Trainmen and Bus Operators	5,148,110.77	5,014,516.81
Misc. Car and Bus Service Employes	186,060.24	186,027.43
Misc. Car and Bus Service Expenses	112,547.91	111,205.30
Station Employes	696,182.43	648,127.41
Station Expenses	208,258.51	204,359.22
Car House and Bus Garage Employes	813,030.07	779,403.95
Car House and Bus Garage Expenses	94,786.02	95,419.50
Operation of Signal and Interlocking Apparatus	230,468.49	228,745.23
Operation of Telephone & Telegraph Lines	14,645.34	13,815.62
Other Transportation Expenses	197,814.31	208,687.73
Total Conducting Transportation	$ 8,887,682.62	$ 8,623,510.93
Traffic	$ 36,348.27	$ 25,275.24
General and Miscellaneous:		
Salaries and Expenses of General Officers	$ 87,464.91	$ 86,798.53
Salaries and Expenses of General Office Clerks	421,519.61	404,450.61
General Office Supplies and Expenses	82,430.29	80,502.75
Law Expenses	48,965.98	33,994.73
Relief Expenses	—	30.00
Pensions and Gratuities	225,901.14	242,004.34
Miscellaneous General Expenses	95,772.22	97,604.26
Injuries and Damages	941,123.26	1,120,808.69
Insurance	126,876.84	145,000.03
Stationery and Printing	77,066.69	70,497.37
Store Expenses	231,763.96	218,602.23
Garage Expenses (Excl. Bus Garages)	100,330.13	97,852.43
Rent of Equipment	13,875.62	13,821.74
Total General and Miscellaneous	$ 2,453,090.65	$ 2,611,967.71
Transportation for Investment	*$ 23,341.98†*	*$ 9,632.93†*
Total Operating Expenses	$19,387,362.15	$19,285,456.91

† Credit

ROAD AND EQUIPMENT INVESTMENT

	Total Dec. 31, 1941	Total Dec. 31, 1940
Way and Structures:		
Engineering and Superintendence	$ 1,722,072.11	$ 1,722,072.11
Right of Way	11,465,147.56	11,465,147.56
Other Land	5,797,576.21	5,781,262.03
Grading	300,783.22	314,392.48
Ballast	702,146.58	712,286.38
Ties	692,806.75	756,034.81
Rails, Rail Fastenings and Joints	1,397,860.04	1,599,481.52
Special Work	4,282,974.65	4,314,154.15
Track and Roadway Labor	3,815,151.22	3,969,291.91
Paving	1,200,129.84	1,296,893.88
Roadway Machinery and Tools	633,569.42	610,534.46
Tunnels and Subways	361,413.88	360,237.98
Elevated Structures and Foundations	5,549,015.53	5,549,015.53
Bridges, Trestles and Culverts	1,991,773.98	1,994,721.36
Crossings, Fences and Signs	85,720.95	85,720.95
Signals and Interlocking Apparatus	1,136,156.43	1,134,496.61
Telephone and Telegraph Lines	101,907.36	102,935.36
Poles and Fixtures	714,202.14	689,210.78
Underground Conduits	1,921,220.59	1,931,026.80
Distribution System	3,827,221.70	3,795,778.15
Shops, Car Houses and Garages	8,438,583.81	8,182,515.19
Stations, Misc. Buildings and Structures	4,578,414.66	4,562,061.37
Wharves and Docks	232,301.20	232,301.20
Total Way and Structures	$ 60,948,149.83	$ 61,161,572.57
Equipment:		
Pass. Cars, Buses and Trackless Trolleys	$ 21,398,974.51	$ 20,455,659.06
Service Equipment	961,812.11	999,555.00
Electric Equip. of Cars and Trackless Trolleys	7,279,521.27	7,119,434.72
Shop Equipment	945,090.70	957,142.42
Furniture, Fare Boxes and Passimeters	285,475.75	281,631.68
Miscellaneous Equipment	1,038,767.15	933,548.34
Total Equipment	$ 31,909,641.49	$ 30,746,971.22
Power:		
Power Plant Buildings	$ 3,600,974.77	$ 3,601,316.77
Sub Station Buildings	641,289.06	640,979.22
Power Plant Equipment	7,035,376.12	7,024,267.77
Sub Station Equipment	2,689,711.55	2,689,711.55
Transmission System	1,641,007.34	1,614,373.83
Total Power	$ 15,608,358.84	$ 15,570,649.14
General and Miscellaneous:		
Law Expenditures	$ 250.00	$ 250.00
Interest during Construction	1,832,301.09	1,832,301.09
Injuries and Damages	7,500.00	7,500.00
Taxes	145,866.54	145,866.54
Miscellaneous	*13,184.46**	*13,184.46**
Total General and Miscellaneous	$ 1,972,733.17	$ 1,972,733.17
Unfinished Construction	$ 36,542.64	$ 146,878.90
Total Road and Equipment Investment	$110,475,425.97	$109,598,805.00

* Credit.

INVESTMENT IN ROAD OWNED AND LEASED
DECEMBER 31, 1941

Boston Elevated Railway Company:

Road and Equipment	$110,475,425.97	
Miscellaneous Physical Property	688,978.14	
West Roxbury Lines (E. Mass. St. Ry. Co.)	232,455.28	
Total Boston Elevated Railway Company Investment		$111,396,859.39

Leased Lines:

Hyde Park Transportation District (City of Boston)		$245,931.51	
Eastern Mass. St. Ry. Co. (Part Leased)			
West Roxbury Lines	$672,847.44		
Middlesex Fells Line	29,546.01		
Total Eastern Mass. St. Ry. Co.		702,393.45	
Total Leased Lines			948,324.96

City of Boston Investment:

Boylston Subway	$11,534,056.91	
Cambridge Connection	1,705,621.69	
Dorchester Tunnel	12,272,570.97	
Dorchester Rapid Transit Extension	11,077,762.51	
East Boston Tunnel	7,307,515.26	
East Boston Tunnel Extension	2,351,542.99	
Huntington Avenue Subway	2,002,215.25	
Tremont Subway	4,675,090.45	
Washington Tunnel	7,977,815.89	
Total City of Boston Investment		60,904,191.92

Comm. of Massachusetts Investment—

Cambridge Subway	$8,226,759.52	
Total Commonwealth of Massachusetts Investment		8,226,759.52
Total Investment in Road Owned and Leased		$181,476,135.79

RECEIPTS AND COST OF SERVICE

FOR YEARS ENDED DEC. 31

Receipts	1941	1940
Revenue from Transportation	$27,036,883.68	$25,827,600.79
Revenue from Other Operations	546,330.12	595,360.66
Non-Operating Income	10,301.01	20,336.50
Total Receipts	$27,593,514.81	$26,443,297.95
Cost of Service		
Operating Expenses:		
Wages	$13,250,629.29	$12,946,200.09
Material and Other Items	2,219,886.21	2,355,747.50
Injuries and Damages	765,970.86	949,991.28
Depreciation	2,174,356.45	2,157,709.68
Fuel	976,519.34	875,808.36
Total Operating Expenses	$19,387,362.15	$19,285,456.91
Interest on Bonds	3,942,068.35	3,952,485.02
Subway and Rapid Transit Line Rental	2,829,413.73	2,828,570.46
Taxes	1,704,286.19	1,657,498.21
Dividends (required by law)	1,193,970.00	1,193,970.00
Rent of Leased Roads	45,808.07	45,607.07
Miscellaneous Items	84,363.28	81,384.99
Total Cost of Service	$29,187,271.77	$29,044,972.66
Loss for Year	$ 1,593,756.96	$ 2,601,674.71

NOTE: Profit and Loss items not included in above.

COMPARATIVE STATISTICS

	Years Ended December 31	
Passenger and Traffic Statistics:	1941	1940
Cost of Service Per Revenue Passenger	9.51c	9.86c
Total Receipts Per Revenue Passenger	8.99c	8.98c
Loss Per Revenue Passenger	0.52c	0.88c
Passenger Revenue	$27,036,883.68	$25,827,600.79
Round Trips Operated	5,930,857	5,940,473
Average Fare per Fare Passenger	8.80c	8.76c
% of 5c Fares to Total Rev. Passengers	23.99%	24.71%
Revenue Passengers Per Mile Operated	6.71	6.48
Revenue Passengers:		
10c Fares	232,268,531	220,753,483
5c Fares	67,471,051	66,437,046
6½c Joint Fares	118,522	100,209
5c Pupils' Tickets	6,136,961	6,325,943
Special Car and Special Bus	820,460	833,947
Total Revenue Passengers	306,815,525	294,450,628
Revenue Miles:		
Surface Lines	20,503,698	20,541,941
Bus Lines	11,604,593	11,626,715
Trackless Trolley Lines	2,320,742	2,203,504
Rapid Transit Lines	11,274,564	11,060,841
Total Revenue Miles	45,703,597	45,433,001
Revenue Hours:		
Surface Lines	2,211,622	2,236,464
Bus Lines	1,302,449	1,308,973
Trackless Trolley Lines	251,860	239,780
Rapid Transit Lines	750,927	735,848
Total Revenue Hours	4,516,858	4,521,065
Power Statistics:		
Tons of coal burned	123,659	121,214
Pounds of coal per D. C. kilowatt hour	1.383	1.323
Average price of coal per long ton (at boilers)	$5.55	$5.23
Net cost of power for car service per kilowatt hour (cents)	0.833	0.756
Net cost of power per total car mile (cents)	4.461	4.199
Direct current annual output (kilowatt hours)	200,274,930	205,127,940

BASIC DATA FOR PERIOD OF PUBLIC CONTROL—CALENDAR YEARS

Year Ended Dec. 31	Revenue Passengers	Revenue Miles	Receipts	Operating Expenses	Fixed Charges	Miscl. Deductions	Net Result of Operations	Average Receipts Per Rev. Pass. (Cents)	Oper. Exp. Per Rev. Pass. (Cents)	Fixed Charges Per Rev. Pass. (Cents)	Average Fare Per Fare Pass. ‡ (Cents)
1919	324,758,685	53,721,249	$29,498,582.82	$23,700,339.41	$7,873,683.38	$306,659.91	$2,382,099.88*	9.08c	7.30c	2.42c	8.86c
1920	335,526,561	51,359,855	34,031,636.44	25,769,122.11	8,342,668.69	267,012.88	347,167.24*	10.14	7.68	2.48	9.87
1921	337,252,080	49,804,625	33,277,025.53	22,843,056.99	9,006,357.65	256,166.02	1,171,444.87	9.87	6.77	2.67	9.56
1922	356,593,942	50,707,740	32,699,176.37	22,088,458.75	9,073,591.28	124,937.26	1,412,189.08	9.17	6.19	2.54	8.93
1923	382,149,697	54,156,064	34,096,813.26	24,130,253.41	9,189,868.68	97,059.61	679,631.56	8.92	6.31	2.40	8.71
1924	382,888,848	56,091,347	34,175,319.61	25,222,133.56	9,355,944.91	233,937.54	636,696.40*	8.93	6.59	2.44	8.73
1925	365,036,286	55,558,126	34,547,379.61	24,405,735.57	9,462,371.51	177,078.68	502,193.85	9.46	6.69	2.59	9.25
1926	371,218,401	57,943,381	35,481,313.38	26,076,268.11	9,713,154.75	174,639.64	482,749.12*	9.56	7.02	2.61	9.26
1927	366,938,908	56,834,029	35,193,410.03	25,132,332.81	9,705,521.39	132,740.34	222,815.49	9.59	6.85	2.64	9.26
1928	362,005,033	57,481,292	34,843,147.51	24,900,188.69	9,719,134.04	183,773.76	40,051.02	9.63	6.88	2.68	9.28
1929	354,214,990	56,684,985	34,096,623.03	24,024,747.23	9,871,709.99	106,093.17	94,072.64	9.63	6.78	2.78	9.28
1930	342,694,905	56,061,843	32,510,721.17	23,527,974.68	10,048,505.49	68,879.81	1,134,638.81*	9.49	6.87	2.93	9.16
1931	324,788,577	53,553,889	29,855,107.30	22,250,748.25	9,428,547.27	80,757.13	1,904,945.35*	9.19	6.85	2.90	8.87
1932	291,753,825	51,195,761	26,428,493.63	19,542,428.16	9,322,878.62	132,632.30	2,569,445.45*	9.06	6.70	3.19	8.79
1933	267,845,429	46,141,119	24,154,373.09	16,829,647.05	9,461,842.77	110,813.53	2,247,930.26*	9.02	6.28	3.53	8.76
1934	277,034,175	45,822,648	24,818,625.48	16,895,090.49	9,310,234.87	77,789.87	1,464,489.75*	8.96	6.10	3.36	8.72
1935	280,402,526	46,033,344	24,926,426.46	17,665,412.59	9,387,071.91	103,193.19	2,229,251.23*	8.89	6.30	3.35	8.67
1936	296,180,666	46,492,077	26,096,155.47	18,410,341.99	9,488,166.08	95,116.41	1,897,469.01*	8.81	6.22	3.20	8.59
1937	296,397,493	46,796,328	25,939,777.15	18,710,803.85	9,670,191.13	84,806.36	2,526,024.19*	8.75	6.31	3.26	8.54
1938	291,175,017	45,799,029	25,383,333.23	18,799,286.39	9,641,109.24	83,623.54	3,140,685.94*	8.72	6.46	3.31	8.49
1939	295,123,077	45,555,636	25,710,948.40	18,716,005.94	9,649,979.64	89,252.96	2,744,290.14*	8.71	6.34	3.27	8.50
1940	294,450,628	45,433,001	26,443,297.95	19,285,456.91	9,678,130.76	81,384.99	2,601,674.71*	8.98	6.55	3.29	8.76
1941	306,815,525	45,703,597	27,593,514.81	19,387,362.15	9,715,546.34	84,363.28	1,593,756.96*	8.99	6.32	3.17	8.80

*Denotes excess cost of service over receipts.
‡Excluding Special Car and Special Bus service.

BASIC DATA FOR PERIOD OF PUBLIC CONTROL—TRUSTEE YEARS

Year Ended	Revenue Passengers	Revenue Miles	Receipts	Operating Expenses	Fixed Charges	Miscellaneous Deductions	Result of Operations (*For Losses)	Net Adj. Result of Operations Incl. Profit and Loss Items (*For Losses Assessed)
June 30, 1919	331,348,124	53,569,606	$25,225,575.63	$22,362,171.97	$7,560,212.67	$716,611.21	$5,413,420.22*	$5,415,500.13§
June 30, 1920	324,192,374	51,865,314	32,671,515.53	24,348,226.45	8,029,594.14	311,304.81	17,609.87*	17,079.95
June 30, 1921	337,381,994	51,048,015	34,200,286.06	25,102,902.39	8,744,033.15	245,304.75	108,045.77	550,253.52
June 30, 1922	345,545,009	49,774,298	32,698,965.01	22,113,783.76	9,086,894.45	195,603.45	1,302,683.35	1,385,211.44
June 30, 1923	373,689,603	52,085,801	33,612,335.20	22,906,489.22	9,183,967.83	93,088.85	1,428,789.30	1,114,557.82
June 30, 1924	386,263,158	56,068,563	34,262,009.46	25,009,657.54	9,233,372.93	163,181.43	144,202.44*	0.00
June 30, 1925	370,729,801	55,670,491	34,198,250.91	24,606,418.26	9,412,380.77	210,735.98	31,284.10*	20,581.33
June 30, 1926	368,932,079	56,552,827	35,087,845.89	25,306,433.69	9,622,903.89	168,562.92	10,054.61*	22,304.46
June 30, 1927	371,893,575	57,970,731	35,618,066.06	25,834,928.57	9,720,918.98	138,818.02	76,599.51*	60,660.25
June 30, 1928	363,576,565	57,188,342	35,009,933.28	24,937,185.81	9,674,559.56	169,170.88	229,017.03	895,518.01
June 30, 1929	356,507,228	57,253,904	34,312,806.18	24,473,329.19	9,857,650.77	161,979.55	180,153.33*	0.00
June 30, 1930	349,441,431	56,276,807	33,597,154.90	23,707,378.01	9,868,002.52	72,752.68	50,978.31*	0.00
June 30, 1931	336,693,586	55,015,807	31,202,319.98	22,992,883.56	10,106,115.81	69,009.97	1,965,689.36*	1,969,473.12†
June 30, 1932	310,919,428	52,806,825	28,376,280.28	21,386,862.60	9,001,671.68	108,548.38	2,120,802.38*	1,775,338.80*
June 30, 1933	272,448,444	47,887,434	24,632,326.42	17,671,635.53	9,536,605.55	144,336.60	2,720,251.26*	2,753,124.14*
June 30, 1934	275,723,393	46,015,449	24,753,158.12	16,896,758.04	9,369,839.17	76,121.66	1,589,560.75*	1,551,631.97*
Mar. 31, 1935‡	207,065,714	34,144,810	18,500,541.01	12,888,265.26	6,935,419.91	67,126.55	1,390,270.71*	1,396,388.83*
Mar. 31, 1936	282,989,838	46,233,477	25,086,709.97	17,854,394.81	9,387,995.81	102,450.51	2,258,131.16*	2,086,202.37*
Mar. 31, 1937	296,335,489	46,563,392	26,073,097.59	18,280,433.47	9,552,026.07	89,354.29	1,848,716.24*	1,799,357.27*
Mar. 31, 1938	294,812,459	46,618,447	25,754,063.58	19,047,324.27	9,655,503.46	84,053.48	3,032,817.63*	1,674,823.31*
Mar. 31, 1939	292,388,134	45,472,768	25,466,415.26	18,605,453.29	9,653,453.71	90,045.33	2,882,537.07*	2,842,831.73*
Mar. 31, 1940	295,818,434	45,706,530	25,977,874.92	19,022,725.09	9,647,452.66	82,639.20	2,774,942.03*	2,724,679.87*
Mar. 31, 1941	293,656,470	45,216,666	26,406,308.26	19,073,186.66	9,686,753.22	80,384.18	2,434,015.80*	2,341,167.29*
Dec. 31, 1941‡	227,857,761	34,230,940	20,530,923.95	14,596,116.77	7,285,730.36	64,504.64	1,415,427.82*	1,311,406.44*

†This deficit for year ended June 30, 1931 ($1,969,473.12) was not assessed upon the cities and towns in the District — Sec. 22, Chap. 333, Acts 1931.
§Of this loss $3,980,151.67 was assessed and was repaid by the Railway between 1922 and 1931.
‡9-Months Period.

CAPITAL OUTSTANDING, DECEMBER 31, 1941

Outstanding Common Stock

No. Shares Outstanding	Par Value Shares Outstanding	Net Premium	Amount Realized	5% Yearly Dividend	Dividends Payable
5,000	$500,000.00	—	$500,000.00		
95,000	9,500,000.00	—	9,500,000.00		
33,000	3,300,000.00	$1,815,000.00	5,115,000.00		
66,500	6,650,000.00	695,958.13	7,345,958.13		
39,294	3,929,400.00	196,470.00	4,125,870.00		
238,794	$23,879,400.00	$2,707,428.13	$26,586,828.13	$1,193,970.00	Jan. 1 Apr. 1 July 1 Oct. 1

Outstanding Funded Debt

Par Value	Rate	Maturity	Amount Realized	Yearly Interest	Co.
$ 8,286,000.00	5 %	Dec. 1, 1942	$ 7,869,934.74	$ 414,300.00	B. E.
2,600,000.00	5 %	Mar. 1, 1944	2,712,832.07	130,000.00	W. E.
570,000.00	7 %	Sept. 1, 1947	570,399.00	39,900.00	W. E.
§ 1,581,000.00	4½ %	Aug. 1, 1949	1,503,309.66	71,145.00	B. E.
§ 6,309,000.00	5 %	Jan. 1, 1960	6,169,571.10	315,450.00	B. E.
§ 8,500,000.00	5 %	Mar. 1, 1960	8,569,615.00	425,000.00	B. E.
§ 7,711,000.00	4½ %	Dec. 15, 1960	7,524,779.35	346,995.00	B. E.
§ 3,815,000.00	4½ %	June 1, 1961	3,778,757.50	171,675.00	B. E.
§ 2,098,000.00	4¼ %	Jan. 1, 1962	2,084,404.96	89,165.00	B. E.
§ 4,800,000.00	4¾ %	Oct. 1, 1962	4,699,579.20	228,000.00	B. E.
§ 5,000,000.00	3¼ %	Nov. 1, 1966	4,875,500.00	162,500.00	B. E.
§ 1,500,000.00	6 %	* * *	1,500,000.00	90,000.00	B. E.
§23,430,917.00	6 %	* * *	23,430,917.00	1,405,855.02	B. E.
$76,200,917.00			$75,289,599.58	$3,889,985.02	

§Held by Boston Metropolitan District. (Total $64,744,917.00 — 85% of total bonds outstanding.)

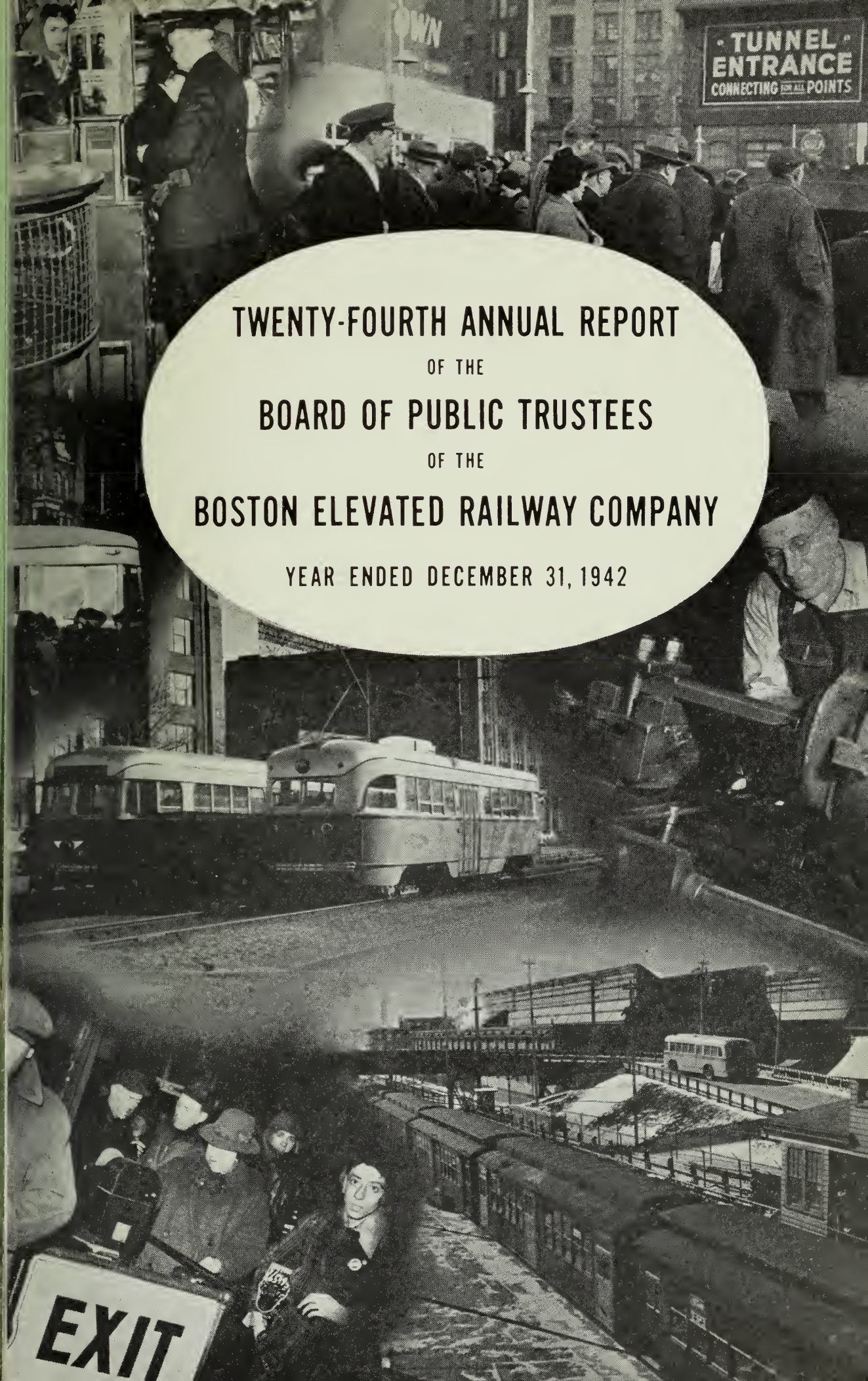
REVENUE EQUIPMENT ACQUIRED AND RETIRED

1918-1941

Surface Cars	Owned 1918	Acquired 1918-1941	Retired 1918-1941	On Hand Dec. 31, 1941
Semi-Convertible Cars:				
Types No. 1 to No. 4	453		187	266
Type No. 5		471		471
Type "4000"		64	11	53
Center Entrance Cars	100	305	174	231
Trailer Cars	174	50	212	12
P.C.C. Car		21		21
Birney Type Cars	1	80	81	
Articulated Cars	177		177	
Box Cars	1,113		1,113	
Open Cars	1,354		1,354	
Total Surface Cars	3,372	991	3,309	1,054
Rapid Transit Cars				
Elevated Cars, Wood and Steel	169		169	
Elevated Cars, Steel	162	163	46	279
Camb.-Dorch. Tunnel Cars, Steel	60	95		155
East Boston Tunnel Cars, Steel		48		48
Total Rapid Transit Cars	391	306	215	482
Buses				
Mechanical Drive		881	348	533
Diesel—Electric Drive		24		24
Diesel—Hydraulic Drive		2		2
Gas-Electric Drive		46	46	
Total Buses		953	394	559
Trackless Trolleys		132		132
Totals	3,763	2,382	3,918	2,227

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TWENTY-FOURTH ANNUAL REPORT

OF THE

BOARD OF PUBLIC TRUSTEES

OF THE

BOSTON ELEVATED RAILWAY COMPANY

YEAR ENDED DECEMBER 31, 1942

TWENTY-FOURTH

ANNUAL REPORT

OF THE

Board of Public Trustees

OF THE

BOSTON ELEVATED RAILWAY COMPANY

Year Ended December 31, 1942

The information contained herein is not given in connection with any sale, offer for sale or solicitation of an offer to buy any securities.

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The 1942 Annual Report of the Board of Public Trustees of the Boston Elevated Railway Company

THE year ended December 31, 1942—the first full year during which the railway has operated under war conditions—has seen an accentuation of the upward trend in riding begun in March, 1941. Since then there has been a steady increase in the use of the railway facilities. As the war effort intensified and was reflected in manifold avenues of activities, there resulted a greatly expanded use of the railway. In the month of December, 1942, the railway carried the greatest number of passengers ever carried in any single month throughout its history.

Obviously, the many aspects of an economy quickened by the war have been reflected in the business of this railway. Not only has there been more riding to war plants, but the greater degree of employment resulting from the war has meant, in the year just passed, a greater volume of riding for shopping and recreational purposes. The restrictions upon the use of the private automobile, through gasoline and tire rationing, have caused a large number of persons to turn to the railway for their day by day transportation.

All these factors taken together have increased the volume of traffic from 306,815,525 passengers carried in 1941 to 370,265,241 carried in 1942, an increase of 63,449,716 passengers, or of almost 21 per cent. The number of revenue passengers carried in 1942 compares well with the number carried in the year of the railway's maximum business, 1917, when 381,017,338 passengers were carried. In fact, the volume of passenger traffic in 1942 was the greatest in any year of the railway's history with the exceptions of 1917 and 1926.*

*The railway records for 1923 and 1924 show a greater number of passengers carried than in 1917 and 1926, but the figures for 1923 and 1924 include as two revenue passengers a considerable number of passengers who made what was, in effect, a single trip for which they paid two 5c fares instead of paying a single 10c fare and obtaining a transfer.

As compared to the revenue mileage operated in 1941 and in order to meet the increased demand for service, the railway increased its revenue miles operated in 1942 by 8,100,865 miles or an increase of almost 18 per cent. The increase in mileage operated was at a lesser rate than the increase in passengers carried and the difference reflects the efforts of the railway to conform with the directives issued by the Office of Defense Transportation in Washington that transit companies make the fullest possible use of available equipment, supplies and manpower.

In past reports we have had occasion to observe that the basic cause of deficits from operations was that there existed in Boston a railway plant capable of carrying many more passengers annually than were then, in fact, using the system. Or, stated in other words, the heavy fixed charges upon the large investment in railway plant—a plant which was being used far below its capacity—caused the operating deficits.

The return of riding to the railway system by reason of war conditions has restored an equilibrium between fixed and operating costs, an equilibrium destroyed between 1929 and 1941, first, by virtue of the increased use of private automobiles, and, later, and to an even greater extent, by the effects of the economic depression.

The existence of an integrated transportation system capable, without expansion of plant, of meeting effectively an enormous increase in riding has benefited both the community served by the railway and the war effort. The problems of meeting the transportation requirements in this area under emergency conditions are of a different character than elsewhere because of the existence here of an extensive transit plant that has been properly maintained over a period of years.

The increased use of the system brought about a noteworthy improvement in the financial results of operation and in 1942 the railway showed an operating profit of $1,855,853.00, which compares with an operating loss of $1,593,756.96 in 1941. After profit and loss adjustments a balance of $924,204.46 remained to be applied toward restoration of the reserve fund. The principal profit and loss adjustment was one which followed a decision of the United States Circuit Court of Appeals rendered on November 4, 1942, which held that the railway

Company was liable for Federal income taxes for the years 1933 to 1937, inclusive. On the basis of this decision, provision was made by a charge to profit and loss of $930,005.81 for Federal income taxes for the years 1933 through 1941.

The Public Control Act and the Governor Square Extension Act, as amended, together provide for the disposition of any excess over the cost of the service charges as of December 31 in any year in the following manner:

Any excess over the cost of the service is to be applied first to the restoration of the one million dollar reserve fund. After the one million dollar reserve fund has been restored, any excess in the reserve fund over one million dollars is to be applied, first, to pay the current Governor Square rental; second, to reimburse the Commonwealth for the half of the Governor Square rental which it has paid in the past when the Company was not obligated to pay rental; and, third, to reimburse the Commonwealth for the cost of the service deficits paid to the Company.

Under the terms of the 1918 Public Control Act a reserve fund of one million dollars was originally established to be applied toward making up cost of service deficiencies when income was insufficient to meet the cost of the service and to be restored when income was greater than the cost of the service. The current Governor Square rental now amounts to about $228,000.00 annually. As of the end of 1942, the past Governor Square rentals which the Commonwealth has paid and assessed upon the cities and towns served by the railway amounted to $1,045,286.05.

THE COST OF THE SERVICE

The total cost of the service increased by $2,209,496.73 in 1942 as compared with 1941.

OPERATING EXPENSES

In 1942, as compared with the previous year, operating expenses increased by $2,274,057.04. Among the principal factors which caused the increase were the costs of furnishing additional service and the higher cost of labor, fuel, material and supplies.

REVENUE PASSENGERS CARRIED 1917-1942



The total wage cost was $1,891,237.94 higher in 1942 than in 1941. There was an average of 311 more employees on the weekly payroll in 1942 than in 1941. By agreement, effective for one year from July 1, 1942, there was an increase of seven cents per hour in the wage rates of employees affiliated with Division 589 of the Amalgamated Association of Street, Electric Railway and Motor Coach Operators of America (Boston Carmen's Union).

During 1942 the wage rates of employees in the craft unions were also increased, becoming effective at various dates according to agreements. The wages of unaffiliated employees were increased proportionately.

FIXED CHARGES

Total fixed charges of the railway for 1942 were $9,644,147.67 as compared to $9,715,546.34 in 1941, a decrease of $71,398.67 for 1942.

Interest

The total interest charge on bonds in 1942 amounted to $3,877,-901.26 as compared to an interest charge of $3,942,068.35 in 1941, a reduction of $64,167.09 in 1942.

This reduction in the interest charge was accomplished by virtue of savings during 1942 resulting from refinancing through the Boston Metropolitan District of $5,000,000 of Elevated bonds which matured on November 1, 1941 and by the savings for the last month of 1942 from refinancing through the District of $8,286,000 of Elevated bonds maturing on December 1, 1942.

The Legislature, under the provisions of Chapter 567, Acts of 1941, authorized the Boston Metropolitan District to purchase $16,456,000 principal amount of refunding bonds of the Boston Elevated Railway Company. This Act was designed to accomplish the refunding at reasonable interest rates of the then outstanding Elevated bonds not held by the District. Already under this Act there has been refunded $13,286,000 of Elevated bonds referred to above.

On November 1, 1941 the Boston Metropolitan District issued $5,000,000 principal amount of 1¼% serial bonds maturing annually over a 25 year period and purchased a $5,000,000 principal amount

25 year bond of the Boston Elevated Railway Company bearing interest at the rate of 3¼%. Under the provisions of this Act the interest rate paid by the railway Company is 2% in excess of the interest rate on the District bonds issued to provide funds for the purchase.

The savings from this refinancing are shown in the table below:

Cost of Service Saving to Boston Elevated Railway Company Arising Out of Refunding of $5,000,000 4½% Bonds Maturing November 1, 1941

	Amount	Rate	Maturity	Annual Interest	Annual Discount and Expense	Total Annual Charges
Elevated Maturing Bonds	$5,000,000	4½%	Nov. 1, 1941	$225,000	$3,333.36	$228,333.36
Elevated Refunding Bond	$5,000,000	3¼%	Nov. 1, 1966	$162,500	$5,389.19	$167,889.19
Annual Cost of Service Saving		$60,444.17		Saving over 25 Year Life of Bond		$1,511,104.25

On October 15, 1942 the Boston Metropolitan District issued $8,286,000 principal amount of 1¼% serial bonds maturing annually over a 25 year period and purchased a $8,286,000 principal amount 25 year bond of the Boston Elevated Railway Company bearing interest at a rate of 3¼%, which interest rate is likewise 2% in excess of the interest rate on the District bonds.

The savings from the 1942 refunding are shown in the following table:

Cost of Service Saving to Boston Elevated Railway Company Arising Out of Refunding of $8,286,000 5% Bonds Maturing December 1, 1942

	Amount	Rate	Maturity	Annual Interest	Annual Discount and Expense	Total Annual Charges
Elevated Maturing Bonds	$8,286,000	5%	Dec. 1, 1942	$414,300	$15,232.68	$429,532.68
Elevated Refunding Bond	$8,286,000	3¼%	Oct. 15, 1967	$269,295	$24,171.04	$293,466.04
Annual Cost of Service Saving		$136,066.64		Saving over 25 Year Life of Bond		$3,401,666.00

Thus, on these two issues of bonds alone, there is an annual saving of $196,510.81 in the cost of service of the railway and a total saving of $4,912,770.25 over the life of the bonds.

The above saving in the railway's cost of service is not the only benefit resulting from the refunding operations authorized by the Legislature. The interest paid to the District by the Elevated on these two issues of bonds will provide funds over the 25-year period of the bonds to retire $7,741,000 or more than 58% of the principal amount of the District bonds while the District retains the Elevated bonds outstanding in the full amount.

Rentals for Subways and Rapid Transit Lines

In 1942 the railway accrued $2,831,402.68 for subway and tunnel rentals payable to the City of Boston and to the Commonwealth of Massachusetts. The railway payments in that year amounted to $2,829,752.66. Of this amount $2,252,961.26 was used to pay interest on the bonds issued by the Commonwealth and by the City in order to provide these facilities and $576,791.40 was made available to retire the principal of these bonds.

From the payments for interest and for subway and rapid transit rentals made by the railway in 1942 there was made available the sum of $2,535,695.17 for the retirement of public debt, which sum was divided as follows:

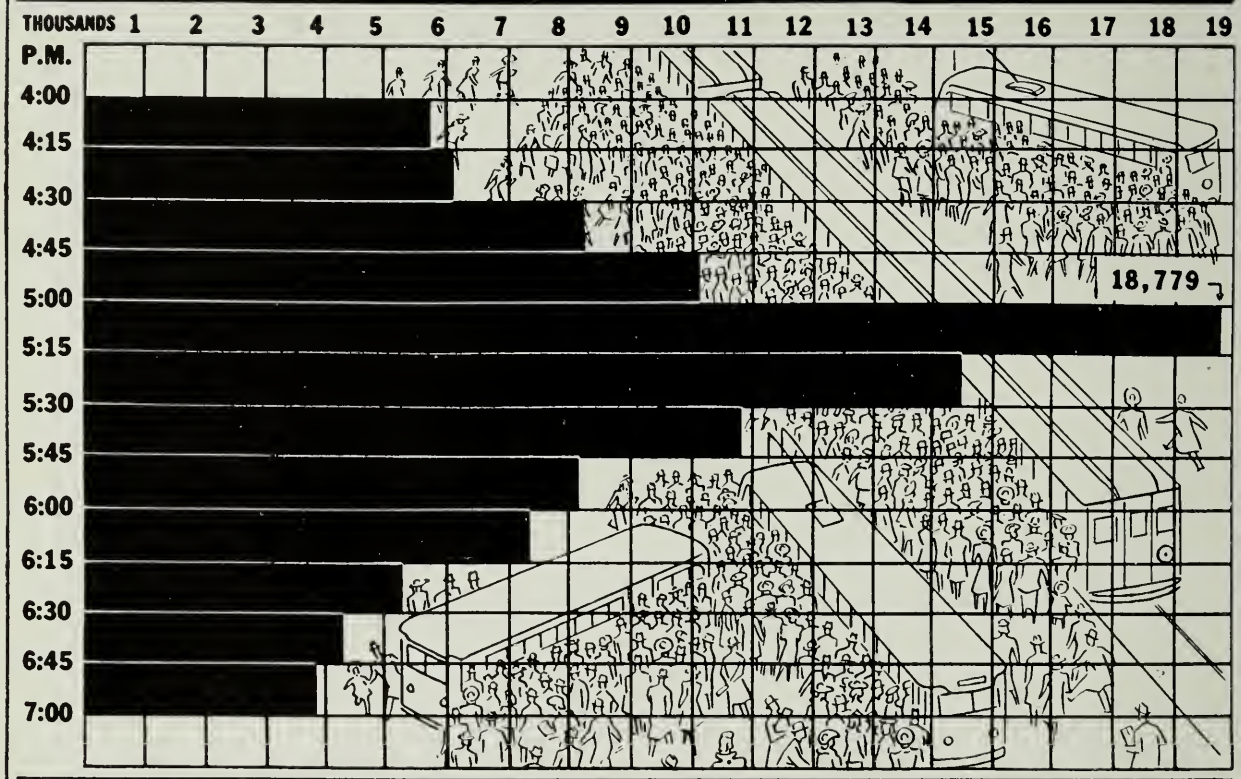
Boston Metropolitan District	
a/c retiring District bonds	**$1,958,903.77**
City of Boston	
a/c retiring subway and rapid transit debt	**481,921.40**
Commonwealth of Massachusetts	
a/c retiring Cambridge subway debt	**94,870.00**
Total	**$2,535,695.17**

CAPACITY OF THE RAILWAY SYSTEM

By virtue of the heavy surge of riding to the railway there has naturally arisen the question of the potential capacity of the system.

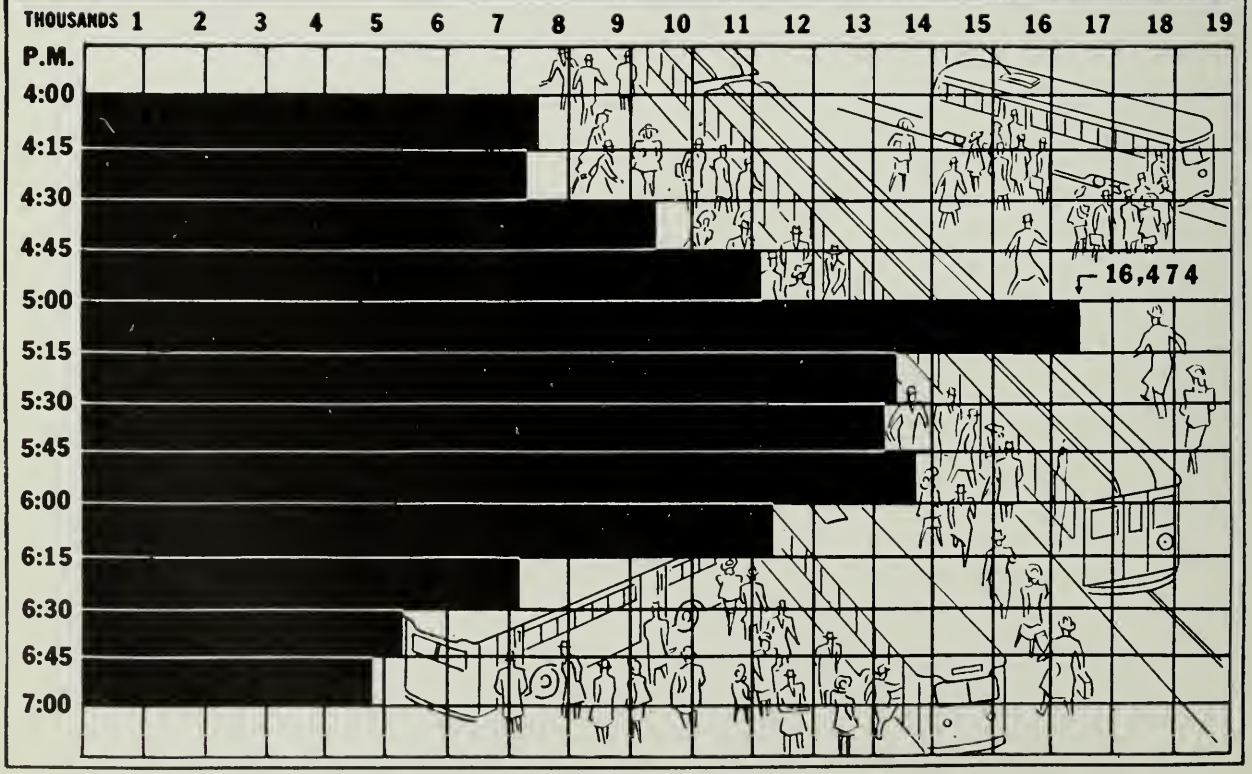
BEFORE STAGGERED HOURS - PASSENGER TRAFFIC FLOW DURING "PEAK" OF TRAVEL HOURS LOOKED LIKE THIS =

SEPTEMBER 30, 1942



AFTER STAGGERED HOURS - AND WITH 16,708 ADDED PASSENGERS - TRAFFIC FLOW LEVELED OFF TO LOOK MORE LIKE THIS =

DECEMBER 9, 1942



PASSENGERS ENTERING DOWNTOWN STATIONS FROM 4 P.M. TO 7 P.M.:—
SEPTEMBER 30, 1942 = 103,509
DECEMBER 9, 1942 = 120,217

How many passengers can the railway system carry in the course of 24 hours? That theoretical question has significance only in terms of the realities of passenger travel. Obviously, if the riding could be spread evenly throughout the 24 hours of the day and night the "capacity" of the "El" would be immense, since the "El" is now carrying over its entire system about 140,000 passengers at the hour of maximum travel, namely, from 5:00 P.M. to 6:00 P.M. Of course, the demand for riding is not spread evenly throughout a 24-hour period. From 7:00 to 9:00 o'clock in the morning there is heavy traffic toward the center of Boston and from 4:00 to 6:00 o'clock in the evening heavy traffic toward home. The problem of every local transit company is to meet the demand for riding in the rush hour periods. The amount of service needed to transport the rush hour riders determines the manpower and equipment requirements.

Since the development of the war emergency the riding on the railway system has been fairly well spread. The increased riding has not been confined to the rush hours nor to the lines serving war plants. Nevertheless, because of the large over-all increase in riding, a part of which naturally occurred during rush hours, there had developed a measure of overcrowding during the rush hours, especially in the peak of the evening rush hour from 5:00 to 5:15 o'clock, which was not a satisfactory operating condition.

In order to relieve this condition, the first step in a planned system of staggering of working hours was taken on October 1, 1942. This initial step affected four groups of employees working in central Boston: the employees of the City of Boston, the Commonwealth of Massachusetts, insurance firms and Boston retail stores. Under the plan employees of the City of Boston started and ended their working day one hour earlier; State employees working in Boston started and ended their working day three-quarters of an hour earlier; some employees in Boston insurance firms started and ended their working day one-quarter hour earlier, others one-half hour earlier, and some started and ended their working day one-quarter hour later and others one-half hour later; and employees in Boston retail stores started and ended their working day one-quarter hour later than before.

The immediate effect of the first step of staggering of working hours was beneficial in spreading the rush hour riding over a longer period of time. The extreme peak of riding from 5:00 P.M. to 5:15 P.M., the crucial period to which we have referred, was reduced by about 20 per cent. The number of riders from 5:15 P.M. to 5:30 P.M. was reduced by about 12 per cent. The number of riders from 5:30 P.M. to 6:00 P.M. increased. Many cars, trains and buses were able to make two rush hour trips instead of one, thus providing, with the equipment available, a greater amount of service when it was most needed.

To the members of the City of Boston War Transportation Conservation Committee who developed, approved and made effective the staggered working hour plan, and to the employees and employers affected, we wish to express our sincere thanks.

In spite of the beneficial effects since October 1, 1942 resulting from the initial step taken in the staggering of working hours, riding on the railway shows a tendency to increase in the hour from 5:00 to 6:00 o'clock in the evening. As the second step to be taken in order to prevent the development of riding conditions inimical to safe and efficient transportation, the City of Boston War Transportation Conservation Committee suggested that there should be an appeal to those railway riders who could do so to change voluntarily their hours of travel in order to avoid riding in the rush hours and, particularly, between 5:00 P.M. and 6:00 P.M. Accordingly, on Saturday, December 19, 1942, the Committee, in an advertisement sponsored by the railway, issued a statement asking for public co-operation in this regard on a voluntary basis.

In the event that co-operation on the part of the riders is not sufficient to keep the riding in the 5:00 P.M. to 6:00 P.M. "peak" hour within the railway's carrying capacity, the City of Boston War Transportation Conservation Committee will take under consideration an extension of the staggered working hour plan to include other relatively large groups of employees who contribute to this "peak" hour.

DIFFICULTIES IN OBTAINING EQUIPMENT AND REPAIR PARTS

For all practical purposes the carrying capacity of the railway system must be considered to be that which can be provided by the existing surface and rapid transit cars, buses and trackless trolleys. Because critical materials are used in the construction of these vehicles, governmental authorities have limited sharply the number of new vehicles that can be manufactured. In terms of the number of new vehicles which transit companies need now, the number of new vehicles which is likely to be made available to transit companies throughout the nation is extremely small.

So serious is this question of equipment that the Office of Defense Transportation in Washington has issued a list of directives intended to bring about the fullest possible use of transit equipment. Moreover, as a condition to the purchase of new buses by any transit company that company must agree to transfer such buses to any other transit company which, in the opinion of the Office of Defense Transportation, is in greater need of them than the transit company to which delivery was originally made.

We on this railway are proceeding on the assumption that we will have to do the best possible job of transporting the public with the equipment which we now have. Deliveries of new vehicles in the near future are expected to be in such small numbers that, although of help, they can not be expected to increase materially the over-all capacity of the railway.

As of January 1, 1942 the railway had on order 39 buses. The railway ordered 90 buses during 1942. During that year 34 buses were delivered, so that as of the end of 1942 the railway had 95 buses remaining on order, of which seven were delivered in January, 1943. We expect delivery during the next two or three months of 12 of the buses remaining on order.

The railway had on order 50 trackless trolleys as of January 1, 1942. The Office of Defense Transportation certified that 30 of these trackless trolleys were needed in this area and the War Production Board authorized their construction for probable delivery within the first quarter of 1943.

On May 6, 1942 the railway ordered 100 P.C.C. cars, the new type of surface car of which the railway now has 21. The War Production Board, in January, 1943, authorized the construction of some of the P.C.C. cars on order throughout the country, and 65 cars for the Boston Elevated were included in this authorization.

The table below shows the railway's equipment divided into various age groups as of December 31, 1942:

Surface Cars	**No.**	**% of Total**
Under 20 years old	407	39
20 to 30 " "	554	52
Over 30 " "	94	9
Total	1,055	100
Rapid Transit Cars		
Under 20 years old	207	43
20 to 30 " "	216	45
Over 30 " "	59	12
Total	482	100
Buses		
Under 10 years old	511	88
Over 10 " "	71	12
Total	582	100
Trackless Trolleys		
Under 10 years old	132	100

After the war is over and new equipment is again available the railway will be required to replace a substantial number of existing cars and buses with new equipment. A number of the buses which are now in service would have been retired in normal times. Now,

however, these older buses are being maintained in a safe operating condition and are performing a useful transportation service, although, naturally, they are not efficient vehicles from the point of view of the relatively high expense of keeping them in operating condition, nor are they as comfortable or of as good appearance as the more modern buses.

Not only is the delivery of new equipment to any company subject to governmental authorities, but delivery of repair parts for equipment is subject to the same kind of control through the workings of the priority system. This difficulty of obtaining parts is further accentuated by the fact that the bus builders and the manufacturers of most of the unit parts of buses have diverted their major activities to the production of war materials and are producing a much smaller quantity of parts. In some instances this diversion has led to the discontinuance of the manufacture of certain parts. Old parts must therefore be continued in service by what would be, in normal times, uneconomical methods. In many cases the railway has to repair, make over and re-adapt parts to continue equipment in operation.

Effective since December 1, 1942, all buses, trackless trolleys and commercial vehicles have been certified and licensed by the Office of Defense Transportation for the purpose of controlling the use of rubber. The regulation provides for the inspection of the tires and steering mechanism of all such vehicles every 5,000 miles or every 60 days, whichever comes sooner. This inspection must be made by an authorized inspector of the Office of Price Administration. Although certification by the Office of Defense Transportation is necessary to operate these vehicles, such certification does not guarantee that the necessary tires or fuel for the vehicles will be obtained by authorization from the Office of Price Administration.

The tires for our buses and trackless trolleys can only be obtained after issuance of certificates from the rationing boards in the area served by the railway. Since the quota allowed the several rationing boards does not meet the demands on them, they have not been able to furnish us with all of the tire certificates to which we are entitled under the rationing regulations and which we require for efficient operation.

Under the rationing regulations we were entitled to 894 spare tires at the end of 1942. Actually, we had on hand then 386 spare tires, or 508 fewer than the number to which we were entitled and 489 fewer spares than when rationing went into effect on January 5, 1942.

We are glad to be able to report that, in spite of the difficulties in obtaining repair parts for cars, buses and trackless trolleys, and in spite of the decrease in the number of spare tires available, we were able to keep all vehicles in passenger service during 1942.

Before the war broke out and before material was as difficult to obtain as it is now we reconditioned many vehicles, both rail and rubber tired, which were in storage. It would be impossible to carry out now some of the work of reconditioning which was performed in 1941.

THE NEW VICTORY BUS

Substitutes for various materials have had to be used as the Government has stipulated that these materials were necessary for war purposes A good example of the use of substitute materials, of the simplification of decorations and of the elimination of accessories not absolutely necessary is furnished by the new Victory Bus, so-

THE NEW O.D.T. VICTORY BUS



called, which is constructed under specifications of the Office of Defense Transportation. We have already referred to the delivery of seven of these buses in January, 1943.

The body and roof of these new Victory buses are of steel, whereas the body and roof of previous buses of the same model were of aluminum. The upright stanchions, grab rail and seat back grab handles are of hickory, whereas these parts in previous buses were of stainless steel. The use of stainless steel, chrome and nickel plate has been eliminated in these new buses. The painting of the exterior of these buses is in two colors, whereas the exterior paint job on previous buses was in three colors. On the new Victory buses there is no side destination sign such as there was on previous buses. These changes were made in the interest of the war effort and have in no way impaired the essential usefulness of the buses.

CO-OPERATION BY THE RAILWAY WITH GOVERNMENTAL AGENCIES

We have done everything within our power to co-operate with the various governmental authorities in their plans to win the war and we shall continue so to do.

Conversion from Oil to Coal Heating Equipment

Conversion of oil heating equipment to the use of coal at 11 locations of the railway, including garages, lobbies, a carhouse and a waiting room, is saving more than 250,000 gallons of fuel oil on an annual basis.

The largest saving of fuel oil is coming from the installation of coal burning equipment at the garages, six in number, where a total of 165,300 gallons of fuel oil is being saved on an annual basis. The conversion from oil burning equipment to the use of coal at a carhouse is saving 52,700 gallons of fuel oil on an annual basis. The balance of the saving of oil is coming from the conversion to coal burning equipment at a headquarters building, two lobbies and a waiting room.



REMOVAL OF ATLANTIC AVENUE ELEVATED—
VIEWS FROM SOUTH STATION, LOOKING NORTH.

The first conversion was completed on July 24, 1942 and the last at the end of January, 1943.

Complete conversion has been made at all heating plants operated by the railway except at three locations where only about 4,000 gallons of fuel oil will be used on an annual basis.

Saving of Rubber and of Gasoline

One of the major objectives of the Office of Defense Transportation has been directed at the curtailment of bus service, wherever possible, to the end of conserving rubber. We on the Elevated have cooperated in this effort. Bus service which was in duplication of existing rail service has been discontinued or curtailed. Bus service which was being furnished on lightly used lines or parts of lines has been limited to those parts of lines and to those periods of the day when such service was justified under war conditions. The operation of chartered buses for private groups has been discontinued except to war plants and for military purposes. We estimate that the steps taken are saving well over 11,000,000 bus tire miles on an annual basis and are, of course, resulting in substantial savings of gasoline.

"Getting in the Scrap"

In 1942 the railway made available for war purposes more than 24,000 tons of steel, iron and copper scrap. Of this amount 10,807 tons were made available by the railway through the transfer of title to abandoned street railway tracks to the cities and towns in which the rails were located; 9,940 tons by the removal of the Atlantic avenue "El" structure and 3,471 tons from the disposal of worn-out parts. We are confident that this enormous amount of scrap metal was an important contribution to the war effort.

Preparations for Air Raids, Blackouts and Dimouts

The railway has co-operated wholeheartedly with the instructions of the Massachusetts Committee on Public Safety relative to executive proclamations and with the Army regulations issued as to precautions to be taken against air raids and sabotage and in connection with blackouts and dimouts.

The following steps have been taken and procedures developed:

Operators have been given detailed instructions as to what to do in emergencies.

Various employees have been instructed as to how to extinguish incendiary bombs and fires therefrom.

A considerable number of employees have been instructed in first aid.

All illuminated signs over which the railway has control have been extinguished for the duration.

During blackouts the lights at outdoor stations and those of the signal system of the rapid transit lines and all other lights which can be seen from the street are to be put out.

Lights are to be put out in buildings during blackouts. During such time, general work requiring light is to stop. The windows, doors and skylights of offices which must be used during blackouts have been blacked out.

The upper half of all headlights on passenger and commercial vehicles of the railway has been blacked out.

The upper three-quarter's of the open area of windows in waiting rooms, garages, shops and miscellaneous buildings has been painted.

Lights in yards, shops and garages and miscellaneous buildings have been equipped with metal hoods to throw the light downward.

A plan has been set up whereby buses are to be used in transporting persons over short distances in the event of interruption to rail services or because of the necessity of evacuating danger zones. In mass evacuation, buses are to be used also to move sick persons to their destination.

Equipment has been provided for the purpose of converting buses

into stretcher carrier ambulances in case of mass evacuation of patients from institutions and from steamers.

Additional first aid rooms and fire fighting equipment have been provided.

The management and personnel of the "El" are aware of the dangers which may arise at any time. We have obtained special equipment and developed orderly procedures to meet these dangers. If and when the test comes we believe we shall be ready and able to meet it.

Purchase of War Savings Bonds

In various ways the railway has urged employees to buy War Savings Bonds to the full extent of their ability and since November 2, 1942, the railway has been designated as an issuing agent for the Federal Reserve Bank of Boston. This procedure has enabled buyers of bonds under the payroll allotment plan to receive their bonds within a short time after payment.

Several divisions of the railway have received the "Minute Man" flag by virtue of having 90 per cent. or more of their employees buying War Savings Bonds under this plan.

For the railway as a whole as of December 31, 1942, there were 6,000 employees, or 88 per cent. of the entire personnel, who were buying War Savings Bonds by means of the payroll allotment plan.

Employment of Women to Replace Men Entering the Armed Services

The past year has seen a partial replacement of men by women in offices of the railway. As the war continues this substitution of women for men in offices will undoubtedly continue.

With the increasing shortage in man power we are giving consideration to the employment of women in car service. In fact, applications of women for work as conductors are now being received. Although no women have as yet been given examinations for the position of conductors, a standard of requirements for the position has been set up. How soon the railway will employ women conductors can not now be determined. We are preparing, however, to employ women in such positions should the need arise. The lines most adaptable for the

use of women conductors are the lines operating through the Boylston and Tremont street subways, namely, the Lake street-Lechmere, the Reservoir-Lechmere and the Arborway-Park street lines.

Should man power become unavailable to replace the men of our operating force called to the armed services, then the employment of women as operators of cars, buses and trackless trolleys would become necessary.

EMPLOYEES

The number of employees on the weekly payroll of the railway was 6,743 in the last week of 1942 as compared to 6,216 in the same week of the previous year. This increase was necessary in order to operate the greater mileage needed to take care of the much higher level of riding due to the war and in order to train the new employees needed to replace those who were called into the armed services.

"El" Employees in the Armed Forces

The number of "El" employees in the armed forces of the United States as of the end of 1942 was 467. The first employee to wear the national uniform left the railway on August 16, 1940, two and one half years ago. Since then, employees in all branches of the railway service and in many occupations have either enlisted or been selected for service.

The following table shows the number of men who, as of the end of 1942, were on a leave of absence from the various departments of the railway for service in the armed forces:

Transportation department	259
Rolling Stock and Shops department	89
Maintenance department	72
Power department	27
General offices	20
Total	467

Of the above 318 are in the Army, 120 are in the Navy, 17 in the Air Corps and 12 are in the Marine Corps.

In this report of the railway's activities for 1942, we wish to pay our tribute of respect and honor to these former employees who are in the service of our country and to express our hope for their well being and safe return.

Replacement of Employees

Up to the present, the replacement of employees who have left for the armed services and for work elsewhere has so far been accomplished without great difficulty.

Until the middle of January, 1943, vacancies in car, train and bus service were filled from a list established following written and physical examinations and credit for education and experience, which, taken together, constituted what we have called a "merit plan" of employee selection. This list for car, train and bus service was originally established on December 15, 1939 and was supplemented by a list of applicants who qualified for it by virtue of an examination held on May 2, 1942. Appointments from this list were made in order of ranking.

Since the list referred to above became exhausted, applicants who have the necessary qualifications for employment in car, train and bus service are being given a written examination through the United States Employment Service, which comes under the control of the War Manpower Commission. As we shall need them, the men who pass the written examination of the United States Employment Service will be appointed in order of grading after passing a thorough physical examination.

Although up to the present time the railway has been able to make replacements in the crafts, the supply of skilled labor is becoming more and more scarce. Most of our skilled mechanics have been with us for a number of years and are not within the age groups now being selected for the armed services. These skilled employees have realized that they can make their greatst contribution to the war effort by continuing to perform for the railway the work for which they are best qualified, work which has been classified by the Government as essential to the war effort. Increasing difficulties will be encountered, however, when married men with dependents are called to the armed services.



AMERICAN TRANSIT ASSOCIATION SAFETY PLACQUE

NATIONAL SAFETY AWARD

We are pleased to report that the railway, for the sixth time in its history, won national recognition for safety by being awarded in 1942 the American Transit Association plaque for "high achievement in traffic and passenger safety in 1941." This award crowns a 25-year safety record unequalled by any other transit company.

The good work in accident prevention continued in 1942. Transporting an average of well over 1,000,000 passengers a day, the "El" further reduced its traffic accidents on a mileage basis by more than eight per cent. in 1942 as compared to 1941, the year for which the safety award was made.

For their part in making this safety record possible, the "El" is glad to acknowledge the co-operation of the various agencies which have worked for safety in the community served by the "El"; the

people of Greater Boston who have been keenly aware of safety problems and co-operative in solving them; and its own employees whose splendid work was the most important factor in winning the award.

Because of the "El's" repeated national successes in the field of safety, the railway has been barred from further competition for this award. We believe it appropriate, therefore, that as a matter of permanent record the number of safety awards won by the railway should be made a part of this report. The "El's" record of safety is shown below, each award being based on the safety record of the year previous to the one in which the award was made.

1915

Won the first Anthony N. Brady Memorial Medal for safe operation.
(Competition suspended from 1917 to 1925)

1929

Won Brady Medal for the second time.

1931

Won Brady Medal for the third time.

1932

Won Brady Medal for the fourth time and, by a special ruling of the Committee on Awards, barred from the next three competitions.

1936

Won Brady Medal for the fifth time and barred from the next five competitions.

1942

Won American Transit Safety Award, successor to the Brady Medal, and barred from further competition.

In brief, the "El" won the first Brady Medal. The "El" is first in the number of national awards won, six as compared with a maximum of two for any other street railway. Beginning in 1931 the "El" has won every competition for which it was eligible.

Needless to say, although barred from further competition for this national safety award, the management and the employees of the railway are devoting and will continue to devote their best efforts to furnishing the safest possible transportation for its many riders.

COMPLAINTS

During 1942 the total number of complaints was 920, which compares well with 913 for 1941 and with an average number of 1,083 from 1932 to 1941, inclusive. All complaints received by the railway receive careful attention and, whenever possible, a representative of the railway interviews the complainant.

PROCEEDINGS OF THE ATTORNEY-GENERAL

During the past year proceedings were instituted in the Superior Court by the Attorney-General under authority of Chapter 89 of the Resolves of 1941 which authorized an action to be brought seeking a declaratory judgment interpreting the Public Control Act pertaining to the authority of the public trustees to make certain charges to the cost of service and their accounting duties incidental to such charges, or such other proceeding at law or in equity as the Department of Public Utilities and the Attorney-General should deem advisable. The City of Boston has intervened in this proceeding and hearings on preliminary matters have been held in the Superior Court.

REMOVAL OF THE ATLANTIC AVENUE ELEVATED STRUCTURE

On January 21, 1942 a decree was entered in proceedings brought by the private Directors of the railway Company in the Supreme Judicial Court of Massachusetts under Chapter 482 of the Acts of 1939

determining that the right of the Company to maintain and operate the Atlantic avenue elevated structure so-called was forfeited. This cleared the way for removal of this structure.

Immediately after this decision the railway commenced removal of those portions of the structure which it desired to retain and contracted for the removal of the remainder of the structure. The work of removal was completed on June 10, 1942 except for minor items which were completed during the year.

CONCLUSION

As shown by the financial statement appended to this report, the income of the railway Company exceeded the cost of the service as defined by the terms of the Public Control Act by the sum of $924,204.46.

With respect to the business of this railway, the trend in riding is still upward. The expectations are that such will continue, although the rate of increase cannot be predicted. Several factors may tend to discourage certain types of riding. On the other hand, the war effort in this community daily becomes more intense, with an attendant greater use of the railway's services. As rubber tires wear out the owners of automobiles are turning more and more to the Elevated for transportation. Further restrictions on the use of private automobiles for pleasure riding have caused an increase in the use of public transportation facilities.

In 1943 there will be obstacles of a serious nature to overcome. There will be difficulties in obtaining suitable man power replacements, new equipment and necessary repair parts. Nevertheless, largely by virtue of timely planning and by the existence of an extensive transit system properly maintained for years past, we believe that we face a crucial year able to perform the task of transporting large numbers of people in a war busy metropolitan area.

Undoubtedly, at certain hours there will be crowded conditions in our cars, buses and rapid transit trains. In this respect, we ask for an understanding of how the war emergency is affecting transportation facilities and for co-operation on the part of the riding pub-

lic. Individuals can help. In various advertisements and publicity material issued during 1942 we have indicated the ways in which they can do so. A fine spirit of co-operation has been manifested in carrying out the planned staggering of working hours and in voluntary staggering of travel times. Every effort must be made during 1943 to prevent any further rise in the "peak" of the evening rush hour.

In 1943 we ask for the continued co-operation of our riders so that with their help and with the facilities and with the man and woman power now and henceforth available we can continue to be able to meet the ever increasing demand for public transportation. When and where needed, we shall furnish transportation services to the limit of the railway's capacity, keeping always in mind, however, that the order of the day calls for the utmost conservation of all transportation facilities, so vital are they to the successful advancement of war objectives.

BOARD OF PUBLIC TRUSTEES,
BOSTON ELEVATED RAILWAY COMPANY

Edward D. Whiting — Chairman
Henry J. Smith — Secretary
Ernest J. Johnson
William P. Joy
Patrick J. Kelly

February 1, 1943

FINANCIAL STATEMENTS AND STATISTICS

Lybrand, Ross Bros & Montgomery

BOSTON MASSACHUSETTS

To the Board of Public Trustees of
Boston Elevated Railway Company,
Boston, Massachusetts.

We have examined the balance sheet of the Boston Elevated Railway Company as of December 31, 1942, and the accompanying statement of income and of the cost of the service for the year then ended, have reviewed the system of internal control and the accounting procedures of the company and have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. In accordance with accepted audit procedure, we made an examination in detail of such portion of the transactions as we deemed appropriate and no limitation as to the scope of our examination was placed upon us by the Board of Public Trustees or officials of the company.

In our opinion, the provision for depreciation of road and equipment in the year 1942 charged to the cost of the service as shown in the accompanying schedule of operating expense accounts is fair and reasonable, but the amount accrued in the reserve for depreciation of property and for obsolescence and losses in respect to property sold, destroyed or abandoned, appearing in the accompanying balance sheet, is inadequate.

In our opinion, subject to the comments in the preceding paragraph, the accompanying balance sheet and related statement of income and of the cost of the service present fairly the position of the Boston Elevated Railway Company at December 31, 1942, and the results of its operations under public control for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Boston, Massachusetts
January 29, 1943

Lybrand, Ross Bros. & Montgomery

ASSETS

	December 31 1942	December 31 1941
Fixed assets:		
Road and equipment:		
Way and structures	$ 55,655,881.62	$ 60,948,149.83
Equipment	32,180,726.13	31,909,641.49
Power	15,610,685.07	15,608,358.84
General and miscellaneous	1,972,311.37	1,972,733.17
Unfinished construction	23,475.60	36,542.64
Total road and equipment	$105,443,079.79	$110,475,425.97
Miscellaneous physical property	754,378.14	688,978.14
Advances for road and equipment on leased roads — Eastern Massachusetts Street Railway Company	232,455.28	232,455.28
Total fixed assets	$106,429,913.21	$111,396,859.39
Current assets: (note C)		
Cash in banks and on hand	$ 2,286,798.13	$ 3,396,967.08
Special deposits	396,892.57	352,649.99
Miscellaneous accounts and rents receivable	135,062.29	413,019.96
Material and supplies	2,796,139.36	2,574,653.48
Other current assets	72,330.00	37,240.00
Total current assets	$ 5,687,222.35	$ 6,774,530.51
Other investments: (note C)		
United States Treasury Bonds	$ 1,760,000.00	—
United States Treasury Notes	940,000.00	—
United States Treasury Certificates of Indebtedness	200,000.00	—
United States War Savings Bonds	100,000.00	—
Mortgage Notes receivable	69,000.00	$ 100,000.00
Total other investments	$ 3,069,000.00	$ 100,000.00
Deferred charges and unadjusted debits:	$ 268,720.00	$ 108,202.07
Prepaid expenses		
Unamortized discount and expense on bonds	1,627,754.59	1,102,386.86
Other unadjusted debits	186,061.76	98,752.85
Total deferred charges and unadjusted debits	$ 2,082,536.35	$ 1,309,341.78
TOTAL ASSETS	$117,268,671.91	$119,580,731.68

For Balance Sheet notes see page 36.

SHEET

LIABILITIES

	December 31 1942	December 31 1941
Funded debt (per schedule, page 46):		
Bonds held by Boston Metropolitan District	$ 73,030,917.00	$ 64,744,917.00
Bonds held by others:		
Not due within one year	3,170,000.00	3,170,000.00
Due within one year	—	8,286,000.00
Total funded debt	$ 76,200,917.00	$ 76,200,917.00
Current liabilities:		
Accounts and wages payable	$ 745,184.11	$ 748,060.84
Accrued interest, dividends and rents payable	1,375,196.35	1,356,355.58
Accrued taxes (note A)	606,374.59	184,310.29
Unredeemed tickets	49,657.20	36,372.46
Other current liabilities	169.415.83	53,388.23
Total current liabilities, exclusive of bonds due within one year shown above	$ 2,945,828.08	$ 2,378,487.40
Reserve for depreciation of property and for obsolescence and losses in respect to property sold, destroyed or abandoned	$ 14,650,477.69	$ 18,006,934.07
Reserve for injuries and damages	$ 938,294.89	$ 952,409.38
Unadjusted credits:		
Unamortized premium on bonds	$ 4,627.56	$ 8,554.08
Other unadjusted credits	110,900.76	540,008.28
Total unadjusted credits	$ 115,528.32	$ 548,562.36
Capital stock (per schedule, page 46):		
Common stock (238,794 shares of $100.00 par value each)	$ 23,879,400.00	$ 23,879,400.00
Premium on common stock	2,707,428.13	2,707,428.13
Total common stock and premium	$ 26,586,828.13	$ 26,586,828.13
Profit and loss and surplus accounts:		
Deficit prior to July 1, 1918	$ 12,127.83*	$ 12,127.83*
Deficit year ended June 30, 1931	1,969,473.12*	1,969,473.12*
Cost of service deficit (note B):		
Year ended March 31, 1941	2,341,167.29*	2,341,167.29*
Nine months ended December 31, 1941	1,311,406.44*	1,311,406.44*
Excess of income over the cost of the service for the year ended December 31, 1942 (Note C)	924,204.46	—
Surplus arising from consolidation with West End Street Railway Co. June 10, 1922 and reorganization July 1, 1931	540,768.02	540,768.02
Total profit and loss and surplus accounts (debit)	$ 4,169,202.20*	$ 5,093,406.66*
TOTAL LIABILITIES	$117,268,671.91	$119,580,731.68

* Denotes debit balance.

NOTES TO BALANCE SHEET AND TO STATEMENT OF INCOME AND THE COST OF THE SERVICE

Note A—Federal Income Taxes

Under a decision of the United States Circuit Court of Appeals rendered November 4, 1942, with respect to which a petition for writ of certiorari is pending before the United States Supreme Court, the company was held liable for federal income taxes for the years 1933 to 1937, inclusive. The amount of the taxes determined in accordance with said decision for the years 1933 through 1941 with accrued interest thereon to December 31, 1942, is $1,343,901.50. As sufficient reserves had not been provided for these taxes in prior years, it was necessary to charge the amount of $930,005.81 to profit and loss in 1942. As a result of certain deductions which do not enter into the computation of the cost of the service but are allowable for federal income tax purposes, it is believed that no federal income or excess profits taxes have been incurred for the year 1942.

Note B—Advances by the Commonwealth under Public Control Act

Amounts advanced by the Commonwealth of Massachusetts to the Boston Elevated Railway Company for deficits in the cost of the service (July 1, 1931 to March 31, 1940) total $18,604,378.29 December 31, 1942. When the company has an excess of income over the cost of the service it will be obligated to make repayments to the Commonwealth on account of the amounts so advanced, after applying such excess to the restoration of the Reserve Fund to its original amount of $1,000,000.00, and to the payment of current rentals on the Governor Square Extension of the Boylston Street Subway and reimbursement of the Commonwealth for payments made by it to the City of Boston for one-half of similar rentals for prior years as required by St. 1930, Ch. 394.

Under authority of Legislative Resolve of 1941 the Attorney General has instituted proceedings with respect to the propriety of the method used by the Trustees in determining deficits under terms of the Public Control Act. In the meantime, payment to the company of the amounts of the deficits certified to the Commonwealth by the Trustees for the twelve months ended March 31, 1941 and for the nine months ended December 31, 1941 in the amounts of $2,341,167.29 and $1,311,406.44 respectively has been withheld by the Commonwealth.

Note C—Reserve Fund

The excess of income over the cost of the service for 1942 ($924,204.46) is applicable to the restoration of the Reserve Fund and cash or securities of this amount will be transferred to the Reserve Fund as provided in Section 9 of the Public Control Act.

STATEMENT OF INCOME AND THE COST OF THE SERVICE FOR YEAR ENDED DECEMBER 31, 1942

(As defined in Section 6, Chapter 159, Special Acts, 1918)

Operating Revenue:		
Passenger Revenue	$32,541,461.46	
Special Car and Special Bus Revenue	67,373.10	
Total Revenue from Transportation		$32,608,834.56
Station and Car Privileges	$ 540,827.77	
Rent of Buildings and Other Property	68,334.01	
Power Sales	11,484.70	
Other Operating Revenue	911.61	
Total Revenue from Other Operations		621,558.09
Total Operating Revenue		$33,230,392.65
Operating Expenses:		
Way and Structures	$ 3,122,156.89	
Equipment	3,300,562.63	
Power	2,145,102.65	
Conducting Transportation	10,309,661.25	
Traffic	51,588.08	
General and Miscellaneous	2,744,370.51	
Transportation for Investment (credit)	*12,022.82*	
Total Operating Expenses (Incl. Depreciation $2 184,464.26)		21,661,419.19
Operating Income Before Taxes		$11,568,973.46
Taxes Assignable to Operations (note A)		1,694,905.45
Operating Income		$ 9,874,068.01
Non-Operating Income		22,228.85
Gross Income		$ 9,896,296.86
Deductions from Gross Income:		
Interest on Funded Debt	$ 3,877,901.26	
Amortization of Discount on Funded Debt	78,908.36	
Subway and Rapid Transit Line Rental	2,831,402.68	
Dividends (required by law)	1,193,970.00	
Rent for Leased Roads	45,968.28	
Other Deductions	12,293.28	
Total Deductions from Gross Income.		8,040,443.86
Operating Profit for the Year		$1,855,853.00
Profit and Loss Items:		
Additional Federal Income Tax Liability—Years 1933-1940	$ 930,005.81	
Other Items (Net)	1,642.73	
Total Profit and Loss Items, Net		931,648.54
Excess of Income over the Cost of the Service for the Year		$ 924,204.46

For notes to Statement of Income, see page 36

OPERATING EXPENSE ACCOUNTS

	Years Ended December 31	
	1942	1941
Way and Structures:		
Superintendence of Way and Structures ..	$ 313,834.70	$ 283,764.84
Maintenance of Track and Roadway	1,054,261.2?	930,152.93
Removal of Snow and Ice	162,877.72	215,682.20
Tunnels and Subways	27,489.61	21,144.80
Elevated Structures and Foundations ...	67,979.19	52,177.63
Bridges, Trestles and Culverts	8,711.11	13,737.12
Crossings, Fences and Signs	13,384.75	10,923.53
Signals and Interlocking Apparatus	27,934.92	28,102.67
Telephone and Telegraph Lines	4,588.58	6,420.01
Other Miscellaneous Way Expenses	66,785.80	40,178.93
Maintenance of Electric Line Equipment..	213,853.29	210,065.40
Maintenance of Buildings, Fixtures and Grounds	411,656.00	404,629.08
Depreciation of Way and Structures	748,800.00	748,800.00
Total Way and Structures	$ 3,122,156.89	$ 2,965,779.14
Equipment:		
Superintendence of Equipment	$ 113,018.57	$ 105,816.43
Maintenance of Revenue Equipment	1,234,182.27	1,233,666.02
Maintenance of Rail Service Equipment .	16,669.41	18,768.02
Elec. Equip. Maint. of Revenue Equipment	369,936.44	337,513.65
Shop Equipment	41,502.32	52,579.36
Shop Expenses	301,262.77	263,303.73
Miscellaneous Equip. (Autos, Trucks & Tractors)	53,526.59	60,666.43
Depreciation of Equipment	546,000.00	530,400.00
Depreciation of Buses & trackless Trolleys	624,464.26	614,356.45
Total Equipment	$ 3,300,562.63	$ 3,217,070.09
Power:		
Superintendence of Power	$ 96,343.26	$ $90,821.79
Maintenance of Power Plant Bldgs. Equipment	165,403.16	165,876.66
Depreciation of Power Plant Bldgs. & Equipment	265,200.00	280,800.00
Operation of Power Plants	1,227,889.91	1,023,193.48
Gasoline and Fuel Oil for Buses	390,266.32	290,041.43
Total Power	$ 2,145,102.65	$ 1,850,733.36

OPERATING EXPENSE ACCOUNTS (Concluded)

	Years Ended December 31	
	1942	1941
Conducting Transportation:		
Superintendence of Transportation	$ 1,341,618.02	$ 1,185,778.53
Pass. Car, Trainmen and Bus Operators	6,164,487.41	5,148,110.77
Misc. Car and Bus Service Employes	185,360.40	186,060.24
Misc. Car and Bus Service Expenses	118,185.11	112,547.91
Station Employes	775,090.10	696,182.43
Station Expenses	227,537.17	208,258.51
Car House and Bus Garage Employes	901,233.46	813,030.07
Car House and Bus Garage Expenses	113,639.22	94,786.02
Operation of Signal & Interlocking Apparatus	248,203.16	230,468.49
Operation of Telephone & Telegraph Lines	16,038.94	14,645.34
Other Transportation Expenses	218,268.26	197,814.31
Total Conducting Transportation	$10,309,661.25	$ 8,887,682.62
Traffic	$ 51,588.08	$ 36,348.27
General and Miscellaneous:		
Salaries and Expenses of General Officers	$ 93,816.38	$ 87,464.91
Salaries and Expenses of General Office Clerks	476,689.33	421,519.61
General Office Supplies and Expenses	90,230.55	82,430.29
Law Expenses	50,453.40	48,965.98
Pensions and Gratuities	235,140.52	225,901.14
Miscellaneous General Expenses	111,807.08	95,772.22
Injuries and Damages	987,895.30	941,123.26
Insurance	207,427.23	126,876.84
Stationery and Printing	99,801.39	77,066.69
Store Expenses	264,247.12	231,763.96
Garage Expenses (Excl. Bus Garages)	105,770.25	100,330.13
Rent of Equipment	21,091.96	13,875.62
Total General and Miscellaneous	$ 2,744,370.51	$ 2,453,090.65
Transportation for Investment	*$12,022.82†*	*$23,341.98†*
Total Operating Expenses	$21,661,419.19	$19,387,362.15

† Credit

ROAD AND EQUIPMENT INVESTMENT

	Total Dec. 31,1942	Total Dec. 31, 1941
Way and Structures:		
Engineering and Superintendence	$ 1,376,264.87	$ 1,722,072.11
Right of Way	8,543,021.58	11,465,147.56
Other Land	5,780,215.59	5,797,576.21
Grading	300,369.67	300,783.22
Ballast	702,100.30	702,146.58
Ties	663,207.63	692,806.75
Rails, Rail Fastenings and Joints	1,342,707.06	1,397,860.04
Special Work	4,279,799.99	4,282,974.65
Track and Roadway Labor	3,793,526.97	3,815,151.22
Paving	1,210,830.24	1,200,129.84
Roadway Machinery and Tools	650,443.23	633,569.42
Tunnels and Subways	360,438.88	361,413.88
Elevated Structures and Foundations	4,004,363.45	5,549,015.53
Bridges, Trestles and Culverts	1,991,773.98	1,991,773.98
Crossings, Fences and Signs	85,720.95	85,720.95
Signals and Interlocking Apparatus	1,165,684.27	1,136,156.43
Telephone and Telegraph Lines	95,193.71	101,907.36
Poles and Fixtures	719,040.14	714,202.14
Underground Conduits	1,921,388.60	1,921,220.59
Distribution System	3,713,823.17	3,827,221.70
Shops, Car Houses and Garages	8,470,943.21	8,438,583.81
Stations, Misc. Buildings and Structures	4,252,722.93	4,578,414.66
Wharves and Docks	232,301.20	232,301.20
Total Way and Structures	$ 55,655,881.62	$ 60,948,149.83
Equipment:		
Pass. Cars, Buses and Trackless Trolleys	$ 21,604,283.27	$ 21,398,974.51
Service Equipment	949,409.23	961,812.11
Electric Equip. of Cars and Trackless Trolleys	7,277,959.93	7,279,521.27
Shop Equipment	968,812.80	945,090.70
Furniture, Fare Boxes and Passimeters	289,601.06	285,475.75
Miscellaneous Equipment	1,090,659.84	1,038,767.15
Total Equipment	$ 32,180,726.13	$ 31,909,641.49
Power:		
Power Plant Buildings	$ 3,600,974.77	$ 3,600,974.77
Sub Station Buildings	641,289.06	641,289.06
Power Plant Equipment	7,031,642.93	7,035,376.12
Sub Station Equipment	2,693,415.14	2,689,711.55
Transmission System	1,643,363.17	1,641,007.34
Total Power	$ 15,610,685.07	$ 15,608,358.84
General and Miscellaneous:		
Law Expenditures	$ $250.00	$ $250.00
Interest during Construction	1,832,301.09	1,832,301.09
Injuries and Damages	7,500.00	7,500.00
Taxes	145,444.74	145,866.54
Miscellaneous	*13,184.46**	*13,184.46**
Total General and Miscellaneous	$ 1,972,311.37	$ 1,972,733.17
Unfinished Construction	$ 23,475.60	$ 36,542.64
Total Road and Equipment Investment	$105,443,079.79	$110,475,425.97

* Credit.

INVESTMENT IN ROAD OWNED AND LEASED
DECEMBER 31, 1942

Boston Elevated Railway Company:		
Road and Equipment	$105,443,079.79	
Miscellaneous Physical Property	754,378.14	
West Roxbury Lines (E. Mass. St. Ry. Co.)	232,455.28	
Total Boston Elevated Railway Company Investment		$106,429,913.21
Leased Lines:		
Hyde Park Transportation District (City of Boston)	$245,931.51	
Eastern Mass. St. Ry. Co. (Part Leased)		
West Roxbury Lines $672,847.44		
Middlesex Fells Line 29,546.01		
Total Eastern Mass. St. Ry. Co.	702,393.45	
Total Leased Lines		948,324.96
City of Boston Investment:		
Boylston Subway	$11,528,036.96	
Cambridge Connection	1,705,621.69	
Dorchester Tunnel	12,296,796.49	
Dorchester Rapid Transit Extension	11,138,280.00	
East Boston Tunnel	7,315,038.21	
East Boston Tunnel Extension	2,352,352.24	
Huntington Avenue Subway	2,131,468.78	
Tremont Subway	4,675,090.45	
Washington Tunnel	7,979,613.08	
Total City of Boston Investment		61,122,297.90
Comm. of Massachusetts Investment:		
Cambridge Subway	$8,226,759.52	
Total Commonwealth of Massachusetts Investment		8,226,759.52
Total Investment in Road Owned and Leased		$176,727,295.59

RECEIPTS AND COST OF SERVICE
FOR YEARS ENDED DEC. 31

Receipts	1942	1941
Revenue from Transportation	$32,608,834.56	$27,036,883.68
Revenue from Other Operations	621,558.09	546,330.12
Non-Operating Income	22,228.85	10,301.01
Total Receipts	$33,252,621.50	$27,593,514.81
Cost of Service		
Operating Expenses:		
Wages	$15,141,867.23	$13,250,629.29
Material and Other Items	2,309,110.86	2,219,886.21
Injuries and Damages	800,973.57	765,970.86
Depreciation	2,184,464.26	2,174,356.45
Fuel	1,225,003.27	976,519.34
Total Operating Expenses	$21,661,419.19	$19,387,362.15
Interest on Bonds	3,877,901.26	3,942,068.35
Subway and Rapid Transit Line Rental	2,831,402.68	2,829,413.73
Taxes	1,694,905.45	1,704,286.19
Dividends (required by law)	1,193,970.00	1,193,970.00
Rent of Leased Roads	45,968.28	45,808.07
Miscellaneous Items	91,201.64	84,363.28
Total Cost of Service	$31,396,768.50	$29,187,271.77
Profit for Year	$ 1,855,853.00	—
Loss for Year	—	$ 1,593,756.96

NOTE: Profit and Loss items not included in above.

COMPARATIVE STATISTICS

	Years Ended December 31	
Passenger and Traffic Statistics:	1942	1941
Cost of Service Per Revenue Passenger....	8.48c	9.51c
Total Receipts Per Revenue Passenger	8.98c	8.99c
Loss Per Revenue Passenger	—	0.52c
Profit Per Revenue Passenger	0.50c	—
Passenger Revenue	$32,608,834.56	$27,036,883.68
Round Trips Operated	6,815,436	5,930,857
Average Fare per Fare Passenger	8.80c	8.80c
% of 5c Fares to Total Rev. Passengers...	23.87%	23.99%
Revenue Passengers Per Mile Operated ...	6.88	6.71
Revenue Passengers:		
10c Fares	281,105,337	232,268,531
5c Fares	82,659,201	67,471,051
6½c Joint Fares	145,251	118,522
5c Pupils' Tickets	5,714,184	6,136,961
12 Ride Commutation Tickets	30,966	—
Special Car and Special Bus	610,302	820,460
Total Revenue Passengers	370,265,241	306,815,525
Revenue Miles:		
Surface Lines	23,922,237	20,503,698
Bus Lines	11,978,642	11,604,593
Trackless Trolley Lines	3,268,311	2,320,742
Rapid Transit Lines	14,635,272	11,274,564
Total Revenue Miles	53,804,462	45,703,597
Revenue Hours:		
Surface Lines	2,577,351	2,211,622
Bus Lines	1,340,099	1,302,449
Trackless Trolley Lines	349,125	251,860
Rapid Transit Lines	974,041	750,927
Total Revenue Hours	5,240,616	4,516,858
Power Statistics:		
Tons of coal burned	138,983	123,659
Pounds of coal per D. C. kilowatt hour.....	1.344	1.383
Average price of coal per long ton (at boilers)	$6.01	$5.55
Net cost of power for car service per kilowatt hour (cents)	0.803	0.833
Net cost of power per total car mile (cents)	4.120	4.461
Direct current annual output (kilowatt hours)	231,622,125	200,274,930

BASIC DATA FOR PERIOD OF PUBLIC CONTROL—CALENDAR YEARS

Year Ended Dec. 31	Revenue Passengers	Revenue Miles	Receipts	Operating Expenses	Fixed Charges	Miscl. Deductions	Net Result of Operations	Average Receipts Per Rev. Pass. (Cents)	Oper. Exp. Per Rev. Pass. (Cents)	Fixed Charges Per Rev. Pass. (Cents)	Average Fare Per Fare Pass. # (Cents)
1919	324,758,685	53,721,249	$29,498,582.82	$23,700,339.41	$7,873,683.38	$306,659.91	$2,382,099.88*	9.08c	7.30c	2.42c	8.86c
1920	335,526,561	51,359,855	34,031,636.44	25,769,122.11	8,342,668.69	267,012.88	347,167.24*	10.14	7.68	2.48	9.87
1921	337,252,080	49,804,625	33,277,025.53	22,843,056.99	9,006,357.65	256,166.02	1,171,444.87	9.87	6.77	2.67	9.56
1922	356,593,942	50,707,740	32,699,176.37	22,088,458.75	9,073,591.28	124,937.26	1,412,189.08	9.17	6.19	2.54	8.93
1923	382,149,697	54,156,064	34,096,813.26	24,130,253.41	9,189,868.68	97,059.61	679,631.56	8.92	6.31	2.40	8.71
1924	382,888,848	56,091,347	34,175,319.61	25,222,133.56	9,355,944.91	233,937.54	636,696.40*	8.93	6.59	2.44	8.73
1925	365,036,286	55,558,126	34,547,379.61	24,405,735.57	9,462,371.51	177,078.68	502,193.85	9.46	6.69	2.59	9.25
1926	371,218,401	57,943,381	35,481,313.38	26,076,268.11	9,713,154.75	174,639.64	482,749.12*	9.56	7.02	2.61	9.26
1927	366,938,908	56,834,029	35,193,410.03	25,132,332.81	9,705,521.39	132,740.34	222,815.49	9.59	6.85	2.64	9.26
1928	362,005,033	57,481,292	34,843,147.51	24,900,188.69	9,719,134.04	183,773.76	40,051.02	9.63	6.88	2.68	9.28
1929	354,214,990	56,684,985	34,096,623.03	24,024,747.23	9,871,709.99	106,093.17	94,072.64	9.63	6.78	2.78	9.28
1930	342,694,905	56,061,843	32,510,721.17	23,527,974.68	10,048,505.49	68,879.81	1,134,638.81*	9.49	6.87	2.93	9.16
1931	324,788,577	53,553,889	29,855,107.30	22,250,748.25	9,428,547.27	80,757.13	1,904,945.35*	9.19	6.85	2.90	8.87
1932	291,753,825	51,195,761	26,428,493.63	19,542,428.16	9,322,878.62	132,632.30	2,569,445.45*	9.06	6.70	3.19	8.79
1933	267,845,429	46,141,119	24,154,373.09	16,829,647.05	9,461,842.77	110,813.53	2,247,930.26*	9.02	6.28	3.53	8.76
1934	277,034,175	45,822,648	24,818,625.48	16,895,090.49	9,310,234.87	77,789.87	1,464,489.75*	8.96	6.10	3.36	8.72
1935	280,402,526	46,033,344	24,926,426.46	17,665,412.59	9,387,071.91	103,193.19	2,229,251.23*	8.89	6.30	3.35	8.67
1936	296,180,666	46,492,077	26,096,155.47	18,410,341.99	9,488,166.08	95,116.41	1,897,469.01*	8.81	6.22	3.20	8.59
1937	296,397,493	46,796,328	25,939,777.15	18,710,803.85	9,670,191.13	84,806.36	2,526,024.19*	8.75	6.31	3.26	8.54
1938	291,175,017	45,799,029	25,383,333.23	18,799,286.39	9,641,109.24	83,623.54	3,140,685.94*	8.72	6.46	3.31	8.49
1939	295,123,077	45,555,636	25,710,948.40	18,716,005.94	9,649,979.64	89,252.96	2,744,290.14*	8.71	6.34	3.27	8.50
1940	294,450,628	45,433,001	26,443,297.95	19,285,456.91	9,678,130.76	81,384.99	2,601,674.71*	8.98	6.55	3.29	8.76
1941	306,815,525	45,703,597	27,593,514.81	19,387,362.15	9,715,546.34	84,363.28	1,593,756.96*	8.99	6.32	3.17	8.80
1942	370,265,241	53,804,462	33,252.621.50	21,661,419.19	9,644,147.67	91,201.64	1,855,853.00	8.98	5.85	2.60	8.80

*Denotes excess cost of service over receipts.

#Excluding Special Car and Special Bus service.

BASIC DATA FOR PERIOD OF PUBLIC CONTROL—TRUSTEE YEARS

Year Ended	Revenue Passengers	Revenue Miles	Receipts	Operating Expenses	Fixed Charges	Miscellaneous Deductions	Result of Operations (*For Losses)	Net Adj. Result of Operations Incl. Profit and Loss Items (*For Losses Assessed)
June 30, 1919	331,348,124	53,569,606	$25,225,575.63	$22,362,171.97	$7,560,212.67	$716,611.21	$5,413,420.22*	$5,415,500.13§
June 30, 1920	324,192,374	51,865,314	32,671,515.53	24,348,226.45	8,029,594.14	311,304.81	17,609.87*	17,079.95
June 30, 1921	337,381,994	51,048,015	34,200,286.06	25,102,902.39	8,744,033.15	245,304.75	108,045.77	550,253.52
June 30, 1922	345,545,009	49,774,298	32,698,965.01	22,113,783.76	9,086,894.45	195,603.45	1,302,683.35	1,385,211.44
June 30, 1923	373,689,603	52,085,801	33,612,335.20	22,906,489.22	9,183,967.83	93,088.85	1,428,789.30	1,114,557.82
June 30, 1924	386,263,158	56,068,563	34,262,009.46	25,009,657.54	9,233,372.93	163,181.43	144,202.44*	0.00
June 30, 1925	370,729,801	55,670,491	34,198,250.91	24,603,418.26	9,412,380.77	210,735.98	31,284.10*	20,581.33
June 30, 1926	368,932,079	56,552,827	35,087,845.89	25,306,433.69	9,622,903.89	168,562.92	10,054.61*	22,304.46
June 30, 1927	371,893,575	57,970,731	35,618,066.06	25,834,928.57	9,720,918.98	138,818.02	76,599.51*	60,660.25
June 30, 1928	363,576,565	57,188,342	35,009,933.28	24,937,185.81	9,674,559.56	169,170.88	229,017.03	895,518.01
June 30, 1929	356,507,228	57,253,904	34,312,806.18	24,473,329.19	9,857,650.77	161,979.55	180,153.33*	0.00
June 30, 1930	349,441,431	56,276,807	33,597,154.90	23,707,378.01	9,868,002.52	72,752.68	50,978.31*	0.00
June 30, 1931	336,693,586	55,015,807	31,202,319.98	22,992,883.56	10,106,115.81	69,009.97	1,965,689.36*	1,969,473.12†
June 30, 1932	310,919,428	52,806,825	28,376,280.28	21,386,862.60	9,001,671.68	108,548.38	2,120,802.38*	1,775,338.80*
June 30, 1933	272,448,444	47,887,434	24,632,326.62	17,671,635.53	9,536,605.55	144,336.60	2,720,251.26*	2,753,124.14*
June 30, 1934	275,723,393	46,015,449	24,753,158.12	16,896,758.04	9,369,839.17	76,121.66	1,589,560.75*	1,551,631.97*
Mar. 31, 1935‡	207,065,714	34,144,810	18,500,541.01	12,888,265.26	6,935,419.91	67,126.55	1,390,270.71*	1,396,388.83*
Mar. 31, 1936	282,989,838	46,233,477	25,086,709.97	17,854,394.81	9,387,995.81	102,450.51	2,258,131.16*	2,086,202.37*
Mar. 31, 1937	296,335,489	46,563,392	26,073,097.59	18,280,433.47	9,552,026.07	89,354.29	1,848,716.24*	1,799,357.27*
Mar. 31, 1938	294,812,459	46,618,447	25,754,063.58	19,047,324.27	9,655,503.46	84,053.48	3,032,817.63*	1,674,823.31*
Mar. 31, 1939	292,388,134	45,472,768	25,466,415.26	18,605,453.29	9,653,453.71	90,045.33	2,882,537.07*	2,842,831.73*
Mar. 31, 1940	295,818,434	45,706,530	25,977,874.92	19,022,725.09	9,647,452.66	82,639.20	2,774,942.03*	2,724,679.87*
Mar. 31, 1941	293,656,470	45,216,666	26,406,308.26	19,073,186.66	9,686,753.22	80,384.18	2,434,015.80*	2,341,167.29*
Dec. 31, 1941‡	227,857,761	34,230,940	20,530,923.95	14,596,116.77	7,285,730.36	64,504.64	1,415,427.82*	1,311,406.44*
Dec. 31, 1942	370,265,241	53,804,462	33,252,621.50	21,661,419.19	9,644,147.67	91,201.64	1,855,853.00	924,204.46

†This deficit for year ended June 30, 1931 ($1,969,473.12) was not assessed upon the cities and towns in the District—Sec. 22, Chap. 333, Acts 1931.
§Of this loss $3,980 151.67 was assessed and was repaid by the Railway between 1922 and 1931. ‡9 Months Period.

CAPITAL OUTSTANDING, DECEMBER 31, 1942

Outstanding Common Stock

No. Shares Outstanding	Par Value Shares Outstanding	Net Premium	Amount Realized	5% Yearly Dividend	Dividends Payable
5,000	$500,000.00	—	$500,000.00		
95,000	9,500,000.00	—	9,500,000.00		
33,000	3,300,000.00	$1,815,000.00	5,115,000.00		
66,500	6,650,000.00	695,958.13	7,345,958.13		
39,294	3,929,400.00	196,470.00	4,125,870.00		
238,794	$23,879,400.00	$2,707,428.13	$26,586,828.13	$1,193,970.00	Jan. 1 Apr. 1 July 1 Oct. 1

Outstanding Funded Debt

Par Value	Rate	Maturity	Amount Realized	Yearly Interest	Co.
$ 2,600,000.00	5 %	Mar. 1, 1944	$ 2,712,832.07	$130,000.00	W.E.
570,000.00	7 %	Sept. 1, 1947	570,399.00	39,900.00	W.E.
§ 1,581,000.00	4½ %	Aug. 1, 1949	1,503,309.66	71,145.00	B. E.
§ 6,309,000.00	5 %	Jan. 1, 1960	6,169,571.10	315,450.00	B. E.
§ 8,500,000.00	5 %	Mar. 1, 1960	8,569,615.00	425,000.00	B. E.
§ 7,711,000.00	4½ %	Dec. 15, 1960	7,524,779.35	346,995.00	B. E.
§ 3,815,000.00	4½ %	June 1, 1961	3,778,757.50	171,675.00	B. E.
§ 2,098,000.00	4¼ %	Jan. 1, 1962	2,084,404.96	89,165.00	B. E.
§ 4,800,000.00	4¾ %	Oct. 1, 1962	4,699,579.20	228,000.00	B. E.
§ 5,000,000.00	3¼ %	Nov. 1, 1966	4,875,500.00	162,500.00	B. E.
§ 8,286,000.00	3¼ %	Oct. 15, 1967	7,729,843.68	269,295.00	B. E.
§ 1,500,000.00	6 %	* * *	1,500,000.00	90,000.00	B. E.
§23,430,917.00	6 %	* * *	23,430,917.00	1,405,855.02	B. E.
$76,200,917.00			$75,149,508.52	$3,744,980.02	

§Held by Boston Metropolitan District. (Total $73,030,917.00—95.8% of total bonds outstanding.)

REVENUE EQUIPMENT ACQUIRED AND RETIRED

1918-1942

Surface Cars	Owned 1918	Acquired 1918-1942	Retired 1918-1942	On Hand Dec. 31, 1942
Semi-Convertible Cars:				
Types No. 1 to No. 4	453	...	187	266
Type No. 5	...	471	...	471
Type "4000"	...	64	11	53
Center Entrance Cars	100	305	173	232
Trailer Cars	174	50	212	12
P.C.C. Cars	...	21	...	21
Birney Type Cars	1	80	81	...
Articulated Cars	177	...	177	...
Box Cars	1,113	...	1,113	...
Open Cars	1,354	...	1,354	...
Total Surface Cars	3,372	991	3,308	1,055
Rapid Transit Cars				
Elevated Cars, Wood and Steel	169	...	169	...
Elevated Cars, Steel	162	163	46	279
Camb.-Dorch. Tunnel Cars, Steel	60	95	...	155
East Boston Tunnel Cars, Steel	...	48	...	48
Total Rapid Transit Cars	391	306	215	482
Buses				
Mechanical Drive	...	915	359	556
Diesel—Electric Drive	...	24	...	24
Diesel—Hydraulic Drive	...	2	...	2
Gas-Electric Drive	...	46	46	...
Total Buses	...	987	405	582
Trackless Trolleys	...	132	...	132
Totals	3,763	2,416	3,928	2,251

JEROME PRESS BOSTON, MASS.


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OR OTHER DISORDERLY CONDUCT IS PROHIBITED
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